

The NATIONAL UNDERWRITER

Life Insurance Edition

General Library of
University of
Michigan
Ann Arbor Mich
48106-0008

Insurance Library

DEC 26 1939 B-40



FRIDAY, DECEMBER 22, 1939



*A friendly group
to join for steady
progress*



**The OHIO NATIONAL
LIFE INSURANCE COMPANY**

CINCINNATI, OHIO

T. W. Appleby, President

The NATIONAL UNDERWRITER

Forty-third Year—No. 51

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, DEC. 22, 1939

\$3.00 Year, 15 Cents a Copy

Life Presidents Meeting Presents Notable Speakers

Highlights from the Annual Gathering of the Officials

The annual meeting of the Association of Life Insurance Presidents this year was exceedingly well attended and keen interest was shown in the proceedings. Throughout the entire meeting there ran what might be called a central theme, viz., a protest against increasing federal control and centralization of power at Washington and the effort to discredit state supervision. Many speakers both in the insurance field and outside referred to this dangerous trend and criticized it in merciless terms.

Opening Ceremonies Colorful

The stage was all set for the colorful proceedings. The rostrum was flanked by United States and Canadian colors. Manager Vincent P. Whitsitt, as is the custom, opened the proceedings and introduced the chairman, M. A. Linton, Provident Mutual Life. Mr. Whitsitt said that President Heber J. Grant of the Mormon Church was unable to come at the last minute. He had contracted a cold and his family and physicians felt that it might develop into pneumonia if he made the trip across the continent. However, he arranged to send J. Reuben Clark, a high ranking officer in the Mormon Church, to take his place.

After Chairman Linton had given his address he said that he embarked with pleasure upon the less formal part of the chairman's participation and that is to extend greetings and welcome to the platform the distinguished speakers on the program.

Established Precedents

There are certain traditions or precedents in the program of these annual gatherings that are observed. For instance, at the first session there is always a prominent Canadian speaker. Mostly he has come from some official position. This year the Canadian address was presented by Dr. M. W. Wallace, principal of University College, University of Toronto.

Then there are greetings from the American Life Convention, the Canadian Life Officers Association and the National Association of Life Underwriters. This year there were two more organizations added to the official list of greeters, being the National Fraternal Congress and the Institute of Life Insurance. It is interesting to note, therefore, that while the American Life Convention had given official recognition to the National Fraternal Congress a few years ago, this is the first time that the Life Insurance Presidents has taken the step.

Another precedent is the presence of
(CONTINUED ON PAGE 12)

Heye Chairman, McLain President of Guardian Life

NEW YORK — Announcement was made this week of changes in the Guardian Life official organization, featured by President Carl Heye, after 50 years with the company, stepping into the chairmanship, and Vice-president James A. McLain becoming the chief executive officer. That this would be the line of



CARL HEYE

succession has been clear to the business at large for some time. Guardian Life is splendidly situated from the standpoint of executive talent and it is fully prepared to make a natural transition.

Frank F. Weidenborner, who has been superintendent of agents, is advanced to agency vice-president—another progression that is decidedly a natural.

J. C. Barnsley, formerly actuary, becomes vice-president and actuary.

R. C. Neuendorffer, formerly secretary, now takes the title of second vice-president.



F. F. WEIDENBORNER

James Scott, formerly assistant vice-president, is advanced to secretary.

Curtis Robertson, formerly counsel, becomes general counsel.

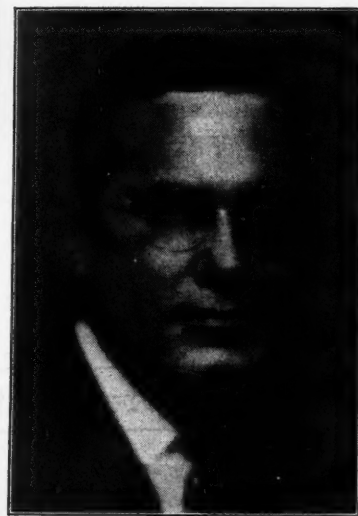
J. L. Cameron, who was assistant actuary, is now associate actuary.

J. C. Slattery, formerly director of publicity, becomes agency secretary.

P. H. Topping is named assistant counsel.

Mr. Heye's association with Guardian Life is a rich tradition. He was just recently given a grand testimonial by the organization upon his golden jubilee. He is the fourth president of Guardian Life in its 80 years and he saw service under each of his three predecessors. He went with Guardian as a clerk in the actuarial department at the age of 18. In 1898 he was elected secretary; in 1915 vice-president and secretary, and in 1921 president.

Mr. McLain has been recognized as being of presidential timber for many years. He is a gracious and forceful man. He participates enthusiastically and intelligently in many activities for the advancement and welfare of the business and has a most social attitude. He



JAMES A. McLAIN

makes his influence felt through the Life Agency Officers Association, American Life Convention, and Sales Research Bureau particularly.

Mr. McLain got his first taste of insurance as an agent for Provident Mutual Life in Minneapolis in 1916. After serving in the war, he went with Guardian Life as agency assistant at the head office. In 1921 he was made assistant superintendent of agents; 1925 inspector of agents; 1928 superintendent of agents; 1930 agency vice-president and later that same year a vice-president of the company.

Mr. Weidenborner is well prepared for his new responsibilities. He has been assuming increasingly important stature in the business and he will provide splendid continuity of effort in the agency program of Guardian. He is at present secretary of the Agency Section

(CONTINUED ON PAGE 23)

Compensation Plan for Agents to Be Subject of Study

Committee Will Go Into the Matter Along Scientific Lines Comprehensively

NEW YORK—Much interest is being taken in the committee that has been appointed by the Life Insurance Sales Research Bureau at the behest of the National Association of Life Underwriters to study the subject of compensation of agents in a logical and comprehensive way. No meeting of the committee has yet been held although each member has been asked to submit memoranda giving his opinions and suggestions as to how the topic should be attacked.

President M. A. Linton, Provident Mutual, is chairman. Claris Adams, president, Ohio State Life, is the other president in the committee. There are two agency vice-presidents, they being Paul F. Clark, John Hancock Mutual, and Jerome Clark, Union Central Life. There are two actuaries, they being E. M. McConney, Equitable Life of Iowa, vice-president and actuary, and R. C. Guest, actuary, State Mutual Life. C. J. Zimmerman, general agent, Connecticut Mutual Life at Chicago and president of the National Life Underwriters Association, is a member of the committee. John Marshall Holcombe, general manager of the Research Bureau, and L. J. Morrison of that organization are members.

Zimmerman's Comment

At the meeting of the Association of Life Insurance Presidents, Mr. Zimmerman representing the National Association of Life Underwriters, referred to the committee and the importance of its work. He stated that so far as he was concerned and he spoke for a large number of agents, there would be objection to a salaried compensation plan. Furthermore, he said that the companies should devise a contributory plan on behalf of agents to take care of their retirement. He said that agents had been talking for years about retirement and pension programs and yet the companies had done nothing to make secure their own field men. He stated that this pension plan should be part of the general compensation scheme.

Many Agents Desire Salary

President Zimmerman undoubtedly will be confronted with some opposition to his statement that agents are opposed to a salary plan. It is true that many agents desire to work on a commission basis because they feel they can earn more money in that way. However, there is a growing sentiment to the effect that there should be a minimum salary, for example, \$20 a week so that a basic amount could be set. Those

(CONTINUED ON LAST PAGE)

Eminent Policyholder Gives High Conception of Insurer's Place

One of the most important documents of the year, profound and revealing, dealing with the fundamentals from the standpoint of the policyholder came out of the annual meeting of the Association of Life Insurance Presidents. It presents in understandable and intelligent form the feeling of the policyholder as to his future insurance security. It came as an address by Hon. J. Reuben Clark of Salt Lake City, high in the councils of the Mormon Church, eminent in public life, a renowned lawyer, former ambassador to Mexico. It revealed a sound and sane outlook from the viewpoint of a policyholder who is depending on his insurance for the purpose of fulfilling the program and which he worked out for his individual needs. He said:

"May I begin by disavowing personally, and generally for all policyholders, any knowledge of the science of insurance. Few of us have ever read clear through the policies which we carry; fewer of us could understand them if we did read them. But we are not worried about the technicalities of the contract verbiage. We know that by and large you officers are men of integrity, of high ideals, and of conspicuous ability. We honor and respect you.

Many Have Been Blessed By Visitation of Insurance

"We have for decades seen your contracts ripen and bring sustenance to the weeping widow, the bereaved orphans. We have seen our friends, our kin, our own families blessed by your visitation. We have seen want and distress draw back at your approach. So, we know that if we do our part under our contracts, you will surely deliver the benefits you have promised for those we shall leave behind. We earnestly and fervently pray that this stability and this certainty shall not cease. We expect from you officers no act of omission or of commission that will lessen either of these, much less destroy them.

"In the last three quarters of a century, we policyholders have greatly changed our views on life insurance. At first, we regarded it as a sort of gamble with death. We heard such expressions as having to 'die to win.' Many of great religious fervor felt that to insure was in a way to defy Deity, and

they would have none of it. Still others were doubtful of how long the companies would live; and this feeling was not without justification for President Heber J. Grant tells me that of the 105 insurance companies existing west of the Missouri river 50 years ago, there are only three now living.

"That era was accompanied and followed by one of great, even phenomenal growth, in wealth and power for certain companies. But, incident to that mushroom development in riches came, as always in such cases, serious abuses.

New Concept Arises from A Knowledge of the Abuses

"Out of the correction of these abuses, came a new concept on the part of the companies themselves as to their relationship, not only to their policyholders, but to the public weal as well. Policyholders in turn caught the new vision. Service to the people, not personal aggrandizement of officers and stockholders, became the motif of life insurance. So, today we policyholders consider ourselves as partners—not stockholders—in great investment trusts. We are no longer gamblers on our lives. You officers of these trusts are no longer mere stakeholders in our race with death. You are our hired men, hired to look after our investments, and responsible to us as such. We pay you well and we confidently expect the ablest and wisest service you can render. Furthermore, because of the vast sums which we have accumulated in your hands, and of other vast sums which we annually entrust to your care, you have taken on a public duty and relationship which demands of you, not only a sense of great financial responsibility but a realization of a high patriotic duty to administer the funds and use their great power for upbuilding the general welfare of the people.

Policyholders Engaged in a Vast Enterprise

"That is, the policyholders are in a great business, with you as their managers, and the purpose of that business is not alone the welfare of those whom we policyholders leave behind, but is also, in a broader, higher, and nobler view, the welfare of all the people of our great country. The funds we place in your hands must be so administered as

to serve both these ends. Your statisticians tell us you have 64,000,000 of holders of policies now in force. This is approximately half of the population of the United States. The beneficiaries under these policies will count many more. They tell us your insurance in force is more than 113 billions of dollars, and that your assets are more than 29 billions. These figures are beyond our comprehension. But we know—each of us knows—that we have given you hard-earned dollars—we older ones 100 cent dollars for many years—and we want our families when we go to have back the same kind of dollars we gave. It is your duty to see that no act of yours—again either of omission or commission—shall result in their getting any other kind of dollars. There are 64,000,000 of us who feel this way.

Policyholders Want Their Savings Well Protected

"We know the old saying, 'Discretion is the better part of valor,' we know the story of the bull in the center of the track challenging the on-rushing mighty locomotive; we know also about being 'wise as serpents, but harmless as doves.' But we expect that you will have aggressive courage along with your mildness and your wisdom. We shall not be satisfied with a defense of our rights and interests which should consist of whispering, pussyfooting and spineless compromising. We expect you to guard our savings, usually built out of grievous sacrifices, with every ounce of strength and courage in your bodies.

"Many of us are not informed fully regarding the multiplicity of laws, regulations, investigations, and what not, that now burden us. Many more of us do not understand where these things, often innocent looking, are leading us. We dumbly feel that our rights and interests are being thereby injured if not destroyed, and that even our insurance funds themselves are being reached after. It is your duty to keep us advised about all these things. If you will see that we do know where all this modern folderol is taking us, you will vitalize a mass of public opinion that will make itself heard and make its influence felt to the complete undoing of all this apparently proposed federal regulatory nonsense. A nation-wide organization of

informed policyholders would give short shrift to all these slant-eyed schemes of designing revolutionists against the existing order which has been born and bred of the wisdom of the ages and of the sacrifice and blood of your ancestors.

"Furthermore, we do not want—and make no mistake about this—we, tens of millions of us, do not want our solid, money-in-the-bank policies with you, traded in for general and revocable promises to pay by Congress. After all a federal law is just like any other law and can be changed or repealed at any time by any Congress so minded. No one gets a vested right in a statute. We want solid assets, not pious Congressional promises, behind our insurance. If we thoroughly understand the problem, we shall be unalterably opposed to any plan which will put insurance moneys of any kind, or on any account, in the same situation as the funds paid in by employers and employees under the so-called social security act—that is, a plan where the funds are covered into the Treasury and used as if they were general revenues, all spent to run the government and nothing left but a revocable congressional promise to be met by further taxation or a capital levy. We cannot approve this kind of federal borrowing or of federal taxation, whichever you may wish to call it. It is both deceptive and dishonest.

Life Insurance Funds Are Tempting to Bureaucrats

"Of course, we can measurably understand that in any administration with an average deficit for the last eight years of nearly three billions a year, and with an increased public debt during the same period of over 24 billions, there might be some bright young bureaucrat who would get in his mind rather the perpetuation of his job than the general welfare of the people and who would look with covetous eyes both on the three or four billions of life insurance premiums paid annually and on the 29 billions of insurance company assets. The first would greatly reduce their present deficits, the second would wipe out their addition to the public debt. Such a youngster could be rather keen to have the government take over any or all of the insurance funds he could get. But

(CONTINUED ON PAGE 29)

Greeters at Life Presidents Association Convention



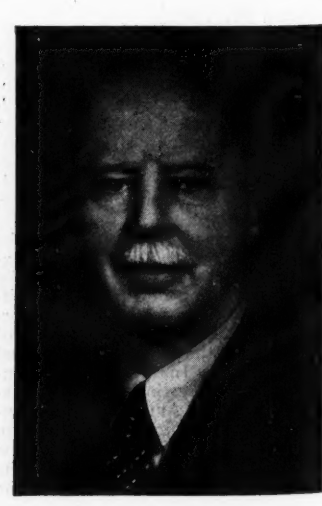
C. A. CRAIG, Nashville
American Life Convention



C. J. ZIMMERMAN, Chicago
N. A. L. U.



HOLGAR JOHNSON, New York
Institute of Life Insurance



A. P. EARLE, Montreal
Canadian Life Officers

Vigorous Protest Against Federal Power Centralizing

Mighty Artillery Was Drawn Up at the Life Presidents Meeting

There was a mighty resurgence against the constant increase of power and federal centralization at Washington and the seeming march toward federal control or supervision of insurance as indicated by the TNEC investigation, at the annual meeting of the Association of Life Insurance Presidents. This tremendous increase in momentum accentuates the movement that gained great force the week before at the annual meeting of the National Association of Insurance Commissioners. It would seem that the entire insurance body is just about solidly lined up to become far more militant in demanding that the insurance story be told in the right way. The outstanding speakers at the Life Presidents meeting tackled the subject without gloves and with bare knuckles struck some telling blows.

Body Blows Struck

Some of the insurance speakers at the presidents meeting spoke in a rather refined way, leaving it to those outside the life insurance field to hit the body blows. J. R. Clark, Jr., of Salt Lake City, first counsellor in the first presidency of the Mormon Church, famed in statecraft and public affairs, brought out heavy artillery and scored some important results by his careful aiming and intelligent guiding of his fire. Governor Bricker of Ohio, the last speaker at the meeting, also attacked federal centralization, taking the position that federal supervision of activities that have to do with the people at large was perfectly in order, but the gradual efforts to extend federal regulatory powers undermine state sovereignty. The growing exercise of power of the federal government, he said, should be stopped and the preservation of the strength of the state is the surest way to save the traditional American system and to assure protection of such funds as life insurance and prevent dissipation in methods of financing and government spending.

President Dodds of Princeton University in his talk said that the surest way to preserve democracy is to give the people participation in it. When there is no opportunity for the people at large to have a vote or to exercise power then dictatorship is sure to follow.

Father Walsh's Address

Another blow at solidified central control came from an eminent prelate of the Catholic Church, the Rev. Dr. Edmund A. Walsh of Washington, D. C., vice-president of Georgetown University and regent of its School of Foreign Service. Father Walsh said that the moment the first important life company in this country goes down the people will know that the end is not far away. He said that he saw what happened to life companies in Russia. Therefore he is very emphatic in denunciation when it comes to social control which will permit that last free element of enterprise to come within any control which is shifting, varied and partisan. Father Walsh said that he saw all those poor dispossessed holders of New York Life policies in Russia coming to church as they were fed from day to day on a minimum ration of food, supplied by the charity of policyholders in the United States. They presented to the church the policies which they had

(CONTINUED ON PAGE 16)

Present War Situation Can Be Faced with Confidence

NEW YORK—In light of the experience in the war years of 1913-1919, Arthur B. Wood, president and managing director Sun Life of Canada, declared that life insurance companies are justified in facing the problems of the present conflict with feelings of absolute confidence. Mr. Wood reviewed "Life Insurance in Wartime" before the Life Presidents Association's annual meeting here.

The outbreak of the war this year found Canada much better prepared to meet the situation than in 1914. Mr. Wood traced the steps taken by the Canadian companies in the establishment of regulations governing the issuance of new policies. In explaining why it is necessary to add restrictions to policies issued after the outbreak of war when no restrictions are applied to existing policies taken out prior to the war, Mr. Wood said that the mortality table does not provide for the extra hazard of war or other unusual risks. In construction of the gross premium, however, margins are included to provide for adverse contingencies, such as fluctuations in mortality. It is also the practice to accumulate and maintain substantial contingency reserves. In peace time when the possibility of war is remote the risk can be undertaken with safety because of these margins in the contingency reserve. Once the war has become a reality, however, precautions must be taken to forestall selection against the company and to insure that new business will be self-supporting. If during actual warfare unconditional policies were freely issued at standard rates, practically every enlisted man would take a substantial amount of insurance. An overwhelming proportion of new business would thus become subject to

war hazard and if no provision were made for meeting this extra hazard, either by charging suitable extra premiums or by limiting the benefits payable, the very solvency of a company might be threatened.

The main features of the Canadian war clause were analyzed by Mr. Wood. Civilians are unaffected unless they travel beyond home areas, which are defined as the territorial limits of Canada, the continental United States and Newfoundland. In that event a limited death payment is payable, but full coverage may be secured by payment of an extra premium. When the assured engages in military or naval service, except air service, full coverage is granted without extra premium while he remains within the home areas. When he proceeds beyond the home areas full coverage can be obtained only by payment of an extra premium, otherwise the limited benefit applies.

Provisions Are Explained

If the assured engages in war aviation service, he may obtain full coverage while in the home areas by payment of an extra premium, but once he proceeds beyond the home areas the limited coverage benefit applies. The option of an extra premium is not granted to cover aviation service beyond the home areas. In all circumstances where full coverage is not granted, the benefit is limited to the sum of the premiums that have been paid under the policy, less dividends paid in cash, with compound interest at the rate of 3 percent.

The Canadian war clause does not by its terms terminate after any stated period or after the termination of the present conflict. At the close of the

(CONTINUED ON LAST PAGE)

TNEC Hearings Are Resumed This Week

Review Circumstances in Conversion of Assessment Firm to Legal Reserve

By ROBERT B. MITCHELL

WASHINGTON—President Hugh T. Martin of Illinois Bankers Life told the insurance subcommittee of the Temporary National Economic Committee that in 1929 he paid close to \$300,000 to three officers and directors of the old Illinois Bankers Life Association in connection with the reinsurance deal by which the newly formed Illinois Bankers Life Assurance Company took over the assessment organization. He made these payments, he testified, to assure his getting control of the new company.

W. H. Woods, president of the assessment organization from 1903-1929 and president of the successor company from then until Mr. Martin succeeded him last year, admitted he had received \$160,000 of this amount—four drafts for \$25,000 each and six \$10,000 serial notes—but justified the payment on the ground that it was no more than fair compensation for his past services, saying "I built a company I was proud of."

Though denying Gerhard Gesell's suggestion that he was a mere figurehead in the new company, he admitted that from 1929 on he was no longer the chief executive. Despite the fact he had title of president Mr. Martin had the real authority. The 200 shares of \$100 par value stock issued in his name were not actually his and were pledged with the Boulevard Bridge Bank of Chicago, he said.

Held Organization Together

Following Mr. Wood's testimony that he got \$24,000 a year as president of the assessment organization and \$30,000 as titular head of the new company, Mr. Gesell, special counsel for the Securities & Exchange Commission, which is doing the investigating, asked why under the circumstances there was any reason for the \$160,000 payment. Mr. Woods said that though he was to get a \$6,000 increase in salary there was no definite understanding about his staying on at that salary beyond a three-year period. He wanted to stay on, he said, because he felt he could "do a lot of good" in holding the agency organization together, its morale being threatened by the uncertainties inevitable in the impending change. It was Mr. Martin, he said, who suggested his staying.

Vice-Chairman J. F. O'Connell, special assistant to the treasury department's general counsel, who was presiding, said he couldn't understand how the \$160,000 payment was for the benefit of the policyholders. Mr. Woods emphasized that they got value received for it and added, "I think you would agree with me."

"Well, I wouldn't care to be put in that position," O'Connell replied, smiling.

Felt Entitled to Compensation

As to the payment of the first \$100,000 of the \$160,000 which he received, Mr. Woods denied Gesell's suggestion that it was in consideration for his signature on the reinsurance contract as president of the association and of the company.

"But you wouldn't have signed if you hadn't had the \$100,000?" Gesell persisted.

(CONTINUED ON PAGE 17)

C. L. U. PROGRESS

In addition to the 1530 underwriters who have received the C.L.U. designation to date, there are 2311 who have partially completed the requirements.

No little part in this acceleration has been played by the development of the 41 C.L.U. Chapters throughout the United States. They are rendering significant service in tying together the men of many companies in an understanding and appreciation of the value of education in better underwriting.

Notable among current developments has been the formation of Company C.L.U. Associations, which is the result of a definite need to have organization methods reach the large group of C.L.U.'s who are outside the influence of the Chapters in metropolitan centers. The splendid contribution by such Associations in supplying a coordinating influence will make possible even greater progress in C.L.U. prestige.

* * *

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

Ohio National Life Is Absorbing Columbia Life

Reinsurance Pact Is Made by Two Cincinnati Companies

CINCINNATI—Directors of Ohio National Life and Columbia Life have approved a reinsurance contract under which Ohio National assumes the assets, good will, and liabilities of Columbia under a management period which will run for 7½ years, during which any profit which may be derived from the operation of the business, less an annual fee of \$2 per \$1,000 business in force, will be paid Columbia. The en-



T. W. APPLEBY

tire agency force of Columbia will be retained by the Ohio National and assumption certificates will be issued Columbia policyholders. When and if the plan is approved, Ohio National will have about \$53,000,000 assets and \$215,000,000 business in force.

Ohio National will pay Columbia \$100,000 in cash and the additional sum shown in the Nov. 30, 1939, statement to be in its contingency reserves and any excess in the market value of its bonds over and above the amount at which they are now carried, these amounts being estimated at \$41,163. During the management period, earnings will be credited the Columbia account and expenses will be debited just as if the business were carried on by a separate company. Stockholders of the Columbia will receive \$50 a share. The amount received over that paid Columbia stockholders will be kept in the company's treasury for the purpose of paying expense necessary in carrying on the corporation and to provide remuneration for employees of the company who will necessarily be deprived of their present employment in an amount which will not exceed \$23,000.

Frank B. Cross, Jr., president of Columbia, was elected a director of Ohio National.

Stockholders Meet Dec. 27

A special meeting of Columbia stockholders has been called for Dec. 27 to consider the reinsurance plan. If approved, the plan will then be submitted to the Ohio department.

Columbia Life was founded by Dr. Felix G. Cross, grandfather of the president.

(CONTINUED ON PAGE 28)

Trustees Meet TNEC O'Mahoney



While the trustees of the National Association of Life Underwriters were meeting in New York City, Senator O'Mahoney (left) of Wyoming, chairman of the Temporary National Economic Committee, and M. D. Griffith, executive vice-president of the New York Board of Trade, paid a brief visit to the gathering. Grant Taggart, California-Western States Life, of Cowley, Wyoming, National association trustee, is shown in the center, with Mr. Griffith on the right. Senator O'Mahoney spoke at the annual luncheon of the Board of Trade which the trustees attended.

American National Seeks to Clarify Texas Supervision

DALLAS—Members of the Texas board of insurance commissioners are defendants in a test suit brought by the American National of Galveston to clarify the supervisory authority of the Texas board over industrial life insurance, and particularly to determine from which section of the insurance statutes of Texas this authority is derived. First hearing in the suit, now underway in the district court at Austin, is expected to be held during January.

The suit is a direct outgrowth of the sweeping decision made by the Texas supreme court in the Georgia Etta Foster case, which decision read many of the factors of ordinary life insurance policies into the industrial life contracts, and also the ruling of the Texas insurance department, which extended the import of the decision.

No Special Provisions

Texas does not have a special act relating to industrial life insurance, but since 1909, when the original law relating to supervision of life insurance was adopted, the insurance department has construed that industrial life insurance came under Article 4750, which states that industrial life insurance contracts must be submitted to the insurance department for approval. However, the Foster decision and the subsequent ruling put supervision of industrial life insurance under Articles 4732 and 4733, which relate specifically to the contents of ordinary life insurance policies, such as third-year cash and loan values and automatic extended insurance.

The original petition pointed out that there are now in force in Texas more than 1,500,000 industrial life insurance policies which have been issued under authority of the Texas board of insurance commissioners and its predecessors in forms approved by them without provisions for a loan value. It further points out that many of the records of the industrial companies are maintained in branch offices, and that the cost to the buyers of such insurance would be increased by the requirement for third-year loan values. It also points out that industrial life premiums are usually collected weekly and that this presents a difficulty in face of the ruling that full 31 days of grace be allowed before cancellation for non-payment.

Sales Decline in November Noted by Presidents' Bureau

NEW YORK—New life sales for November declined 12.5 percent, according to the Life Presidents Association. The total for the first 11 months, however, shows a 1.7 percent gain. It is estimated that the increase for the full year will approximate 2.5 percent.

For November, the new business of all classes totaled \$587,498,000 against \$671,262,000 for November, 1938. New ordinary amounted to \$415,350,000 compared to \$444,818,000, a decrease of 6.6 percent. Industrial was \$128,121,000 against \$182,690,000, a decrease of 29.9 percent. Group totaled \$44,027,000 compared to \$43,754,000, an increase of .6 percent.

For the first 11 months, the new business of all classes totaled \$6,656,352,000 against \$6,547,807,000, an increase of 1.7 percent. New ordinary amounted to \$4,598,848,000 compared to \$4,209,887,000, an increase of 9.2 percent. Industrial was \$1,359,433,000 against \$1,952,763,000, a decrease of 30.4 percent. Group totaled \$698,071,000 compared to \$385,157,000, an increase of 81.2 percent.

Big Sales Drive Last Year

The big sales drive at the end of last year stimulated by option and policy changes, began to show its effect in November so that comparing last month's results with those of a year ago does not present a fair analysis of the situation. This is especially true in regard to ordinary life sales. According to the Life Presidents' figures, November was the best of the first 11 months in 1938 and was the only month except December to show a gain over 1937. Although November, 1939, sales were 6.6 percent behind November, 1938, last month's total of \$415,350,000 was larger than 10 of the 12 months of 1938 and five of the previous 10 months in 1939.

RESEARCH BUREAU FIGURES

The Sales Research Bureau estimates that the ordinary production in November was 9 percent less than the comparable record for November, 1938. The production of November, 1939, is estimated at \$537,951,000. For the year to date, the Research Bureau estimates that the ordinary production is 4 percent ahead of the first 11 months of 1938, the total production for that period this year being \$5,858,421,000.

Ex-Kansas Examiner Denies Impropriety in Profits on Deals

W. K. Herndon Tells TNEC He Made \$115,000 Selling Federal Reserve

WASHINGTON—Denying any impropriety in making substantial personal profits out of reinsurance deals of companies which he examined, W. K. Herndon, former Kansas insurance department examiner, gave the insurance subcommittee of the Temporary National Economic Committee his version of the affairs of the defunct Federal Reserve Life of Kansas City, Kan.—a version which on a number of points flatly contradicted testimony which Vernon B. Holt, former secretary Federal Reserve, gave a week before.

It was plain there was no love lost between Mr. Herndon and the earlier witness, who had testified that the former examiner had received \$12,500 and 500 shares of Federal Reserve stock in one reinsurance deal and \$100,000 and a \$15,000 note in another mainly because of his influence with the Kansas department.

Morgenthau a Spectator

Witnesses who followed Mr. Herndon were former Commissioner E. W. Clark of Iowa and Paul L. Temple, manager ordinary department, Missouri Insurance Company, St. Louis. Their testimony involved Mr. Herndon's activities to a considerable extent. Treasury Secretary Morgenthau was a spectator for a short time during Mr. Clark's testimony.

Attempting to show that Mr. Holt had little, if any, first hand knowledge of the reinsurance deals on which he testified the previous week, Mr. Herndon spoke with contempt of the former Federal Reserve's secretary's role in the company. He was particularly scornful of Mr. Holt's claims of having had a principal part in the negotiations in which the stock of the former president, W. H. Gregory, was sold to Massey Wilson, St. Louis insurance capitalist.

He contradicted Mr. Holt's testimony, which was that Mr. Herndon and he agreed to tell Mr. Gregory that "the insurance department (of Kansas) demanded his resignation, demanded that he give up his general agency contract, and that he sell 5,000 shares of his stock."

Deal at Gregory's Request

Mr. Herndon testified that he himself was the one who negotiated with Mr. Gregory, that the negotiations were at Mr. Gregory's request and there was no question of coercion. As to Mr. Holt's version, Mr. Herndon said, "I had an option on that stock before Holt knew anything about it and I made no such statement to Vernon Holt or to D. H. Holt." The latter is Vernon Holt's father and was also a Federal Reserve official.

Asked by Gerhard Gesell, special counsel of the Securities & Exchange Commission, which is presenting the material to the monopoly subcommittee, whether Vernon Holt had ever gone along to see Mr. Gregory, Mr. Herndon said:

"Mr. D. H. Holt did on one or two occasions, but I don't ever recall having gone there with Vernon Holt. In fact, he was only a clerk in the office and we paid no attention to him. If he went, he only went as a chauffeur."

(CONTINUED ON PAGE 7)

HOME MADE NEWS

ETHELBERT IDE LOW
Chairman of the Board

JAMES A. FULTON
President

HOME LIFE INSURANCE COMPANY, NEW YORK

A QUALITY FORMULA FOR QUALITY OPPORTUNITIES

THE MAN + THE COMPANY = THE OPPORTUNITY

- Sound Character
- Ambition
- Good Health
- Willingness to Work
- Proven Sales Ability
- Aptitude for Organization
- Determination for greater Success in own Community

PLUS

- Sound Company
- Advanced Sales Plans
- Definite Training Methods
- Home Office Cooperation
- Financial Assistance
- Reasonable Requirements
- Program of Expansion

EQUALS

General Agency opportunities to carry Home Life Planned Estate service to additional territory

Quality Results for 1939

1. An average policy sale of over \$5,000, nearly three times the average of seventy leading companies.
2. A lapse ratio of 13%—6% lower than the average of all companies as measured by the lapse of business before paying two full annual premiums.
3. New Business paid for in 1939—is 20% ahead of paid business for 1938.
4. A gain of insurance-in-force of 40%—that is, 40% of all new business sold represents net gain of insurance-in-force this year.

A Booklet About Opportunity

Prepared for the members of its own sales force is a booklet in which Home Life answers every question that ambitious men ask as they consider a future in agency management. Titled, "Home Life—Its Record and Its Plans" it is historically interesting (it takes the reader through eighty years of building a sound company) and it includes a detailed explanation of the definite method and plan by which Home Life men qualify for opportunities in the General Agency field. A copy is available on request.

C. C. FULTON,
Agency Vice-President

W. P. WORTHINGTON,
Superintendent of Agencies

Ray D. Murphy Deflates Wagner's Annuity Proposal

NEW YORK—The Wagner government annuity plan was further deflated by an analysis presented by Ray D. Murphy, president Actuarial Society of America and vice-president and actuary of the Equitable Society before the Life Presidents Association here. Mr. Murphy conclusively showed that the rate of interest is a far more important factor than sales and administrative expense in determining annuity costs. If the government paid the same interest rate on annuities as it does on its other obligations, its annuity rates would have to be higher than those of private companies if it operated the plan without cost to taxpayers.

Actual experience contradicts the statement that life companies are primarily interested in annuities which will provide benefits in excess of \$100 a month. To provide a clear picture of the situation, Mr. Murphy presented data on individual annuity contracts issued in 1938 by 19 United States legal reserve companies, showing that the average annual income per annuity is \$491 a year and that 92 percent of all annuity contracts are for less than \$100 a month. Detailed figures for both immediate and deferred annuities follow:

Immediate Annuities				
Monthly Income	Number	Pct.	Annual Income	Pct.
\$ 50.00 or less..	25,918	89.6	\$4,661,169	56.7
50.01 to \$100..	2,188	7.6	1,824,912	22.2
100.01 to 200..	645	2.2	1,034,943	12.6
200.01 to 400..	146	.5	484,595	5.9
400.01 or over..	33	.1	212,977	2.6
Total.....	28,930	100.0	\$8,219,596	100.0
Average annual income per annuity, \$284.				

Deferred Annuities				
Monthly Income	Number	Pct.	Annual Income	Pct.
\$ 50.00 or less..	48,293	76.1	\$11,202,834	30.2
50.01 to \$100..	8,644	13.6	7,095,766	19.1
100.01 to 200..	3,987	6.3	6,439,679	17.3
200.01 to 400..	7,707	2.7	5,592,642	15.1
400.01 or over..	829	1.3	6,777,801	18.3
Total.....	63,460	100.0	\$37,108,722	100.0
Average annual income per annuity, \$585.				

Immediate and Deferred Annuities				
Monthly Income	Number	Pct.	Annual Income	Pct.
\$ 50.00 or less..	74,211	80.3	\$15,864,003	35.0
50.01 to \$100..	10,832	11.7	8,920,678	19.7
100.01 to 200..	4,632	5.0	7,474,622	16.5
200.01 to 400..	7,853	8.5	6,077,237	13.4
400.01 or over..	862	1.0	6,991,778	15.4
Total.....	92,390	100.0	\$46,328,318	100.0
Average annual income per annuity, \$491.				

Work in Right Field

It is evident that the life companies and their agents are now working most actively among the people who would be in a position to take advantage of the government annuities to provide resources for their old age, Mr. Murphy pointed out. Not only are they actively working in that very field of small annuities, but they appear to have worked effectively as there are about 1,500,000 annuity contracts in force with benefits payable either now or in the future aggregating more than \$550,000,000 a year.

In answer to the statement that the government might sell annuities at rates 30 percent below those charged by life companies, Mr. Murphy cited figures which showed that if the government were to issue annuities without loss to the treasury, it would have to charge substantially higher rates than are charged by life companies. In presenting his analysis he first covered single premium annuities on which the commission cost is commonly 2½ percent. Other expenses, including taxes, bring the total cost of handling single premium annuities to 6 or 7 percent of the premium. Only part of these expenses could be avoided by the government, Mr. Murphy declared. Therefore, if the government were to sell such contracts at 30 percent less than company rates it is clear that almost the entire reduction would prove to be a direct loss to the treasury.

There is no reason to believe that the mortality rate under government contracts would differ from that experienced by the companies on the same general class of business. In the matter

of interest rates, however, a sharp distinction must be drawn. The companies invest their funds largely in a wide range of private securities. The effect, however, of the receipt by the government of annuity premiums would presumably be to reduce the amount of other government obligations. Therefore, the effect of such receipts is to relieve the government of paying interest on an equal amount of government securities and if the government is not to lose money in addition to the loss already mentioned, it must base its interest rates for annuity business upon the rate expected to be paid on government securities. This rate naturally is substantially less than the rate of interest which the life insurance companies can earn on their premiums received from annuities.

A reduction in the interest rate has an important effect on the cost of an annuity. Taking a modern mortality table applying to annuitants and changing the rate of interest earnings by the difference of 1 percent, say for example 3½ percent to 2½ percent, the premium for an immediate life annuity would be increased for a man at age 40 by 16 percent, at age 50 by 13 percent and at age 60 by 9 percent. If the differential in interest rates was increased to 2 or 3 percent, these percentages would be even greater.

Expense Small Factor

Even if the government were to contribute as a charge upon taxpayers the entire expenses which the private companies have in selling and administering the annuity contracts, they could not sell immediate annuities as cheaply as the companies can, unless the normal differential in interest rates between that earned by the companies and rates paid on government securities proved to be much smaller than the 1 percent differential which is assumed for illustrative purposes. If the government were to sell immediate annuities at premium rates 30 percent less than those charged by private companies, it would lose even more than the 30 percent reduction. In short, unless the taxpayers' burdens are to be increased, the government would have to charge more than the companies do.

The situation under annual premium deferred annuities was also analyzed by Mr. Murphy. For simplicity he took an annual premium contract which would return net premiums with interest in event of the annuitant's death before age 65 and would then pay a life income without any return at death after income commences. The expenses of insurance companies under such contracts are of course considerably more at the time when the contract is sold than they are in the later years. If, however, these expenses including commissions, taxes and overhead, are averaged for the first 10 years, they amount to approximately 10 to 12 percent of the premiums. If this averaging period is extended to apply to a contract in force for 15 years, the total expenses would be about 2 or 3 percent lower, with further reductions as the period of the contract is extended.

Big Increase in Premium Rate

Assuming that the government and private plans would have the same mortality, if the interest rate is reduced by a differential of 1 percent from 3½ percent to 2½ percent, the premium for a young man age 20 would be increased 42 percent. If 35, the increase would be 38 percent and 50, 17 percent. Therefore, the differential of 1 percent interest rates far more than counterbalances the expenses of every kind that the life insurance companies pay. Again the conclusion is reached that if the government issues this type of annuity without loss to the treasury it would have to charge substantially higher rates than are charged by life insurance companies.

If the government intends to use the receipts from annuities to invest in pri-

rate securities, thus seeking to avoid the low interest yield of its own obligations, it would take the government an additional step along the path toward some type of socialistic order. If such a plan is put forward it must be done in that light. If the major motive for the proposed annuity plan is a desire to raise funds from a new source for government expenditure and for refinancing part of the government debt, then it is clear that the proposal to have the government issue annuities at lower rates than the companies charge is one which threatens to be costly to the treasury.

Should Be Rejected

Mr. Murphy declared that the annuity proposal is one which should be rejected and that the private enterprise of life insurance companies should be allowed to continue to furnish the mechanism for this form of individual and voluntary provisions for old age and be encouraged rather than hindered by the federal government.

The government annuity experience in Canada was also analyzed by Mr. Murphy, in which the cost of administration is borne by the government and no charge is made on this account against annuitants. From 1908 to 1938, 42,623 annuity contracts were issued and \$115,109,178 purchase money received. In 1938 there were 5,724 contracts issued for \$13,550,483. Until 1936 Canadian annuity rates were based upon the British Offices 1863-1893 annuity tables with 4 percent interest. This mortality table was badly out of date and in September, 1936, due to losses on account of the mortality basis used as well from the interest rate employed, a new temporary scale of rates was adopted, constituting a flat increase of 15 percent. In February, 1938, a wholly new set of rates was adopted based on a more modern table, but the rate of interest was still kept at 4 percent with nothing added to provide for expenses or other contingencies.

Favorable Rates Costly

The fact that even the present government rates with their underlying basis of 4 percent interest and no provision for expenses, still offer an attractive subsidy to the well to do purchaser is indicated by the fact that an immediate life annuity, age 30, on a male life, the government cost is 81 percent of that of private companies, at 40 the cost is 83 percent, at 50, 85 percent, at 60, 88 percent, and at 70, 90 percent. However, this favorable situation is maintained by loss to the government. During the five years ending 1938, \$10,084,150 had to be transferred to the government annuity fund to make up the difference in cost, of which \$8,941,196 was contributed in 1938.

Grant Taggart's 25 Years in Business Are Honored

Grant Taggart of Cowley, Wyo., California-Western States Life's famous "millionaire," is being honored by a special two-week sales drive by the entire field force Dec. 16-30, in celebration of his 25th anniversary as a life insurance salesman. He joined the company Dec. 21, 1914, at age 18. Every application submitted in the period will be dedicated to him, and producers will join in presenting him a gift at the convention, Jan. 22-24, at Hotel Del Monte, California.

Mr. Taggart is a life member of the Million Dollar Round Table, first qualifying for this honor in 1925 when he insured 257 lives for a total of \$1,150,000. He has repeated this performance five times and is a past chairman of the round table. He has spoken in many cities before underwriters associations. He is a regular member of the Leading Producers Club, many times president, and for 23 years the outstanding producer. He has just been reelected trustee of the National Association of Life Underwriters and was named chairman of the business standards committee.

During his 25 years in the business he has insured more than 5,000 lives for a total of over \$17,000,000.

Company Officials May Seek Privilege of Telling Story

Declare the TNEC Has Not Given Life Insurance a Square Deal

NEW YORK—There is general dissatisfaction among company officials and agents as to the manner that the Temporary National Economic Committee is handling the so-called life insurance investigation. The charge is being made that it is entirely a one-sided affair and that insurance has not received a square deal. At the meeting of the Association of Life Insurance Presidents there was considerable hotel lobby discussion, the belief being expressed that the inquirers were simply seeking spots here and there that they consider vulnerable and are not giving a true and entire picture of life insurance. Nothing has been brought up as to what life insurance has accomplished along constructive lines. The whole investigation savors very much of a criminal trial. The prosecutors attempt to involve witnesses for the defense and encourage those for the state to attack the business freely.

No Organization Action

There has been no formal action taken by the companies as a body nor has any company organization attempted to get into the movement. It is very unlikely that any such attempt will be made on the part of an organization. For instance, the Institute of Life Insurance has taken no part whatever in the discussion. It has purposely held aloof. The Association of Life Insurance Presidents and the American Life Convention have done nothing else than have observers at the hearings.

There seems to be a difference of opinion as to the policy to be pursued. Some maintain that it is a mistake to antagonize the TNEC on the ground that it might be taken as an attack on the federal government. Those taking another view contend that there is no attack against the government on the part of life insurance. The objection is to the way that the TNEC is conducting its investigation. In spite of the reassuring statement of Senator O'Mahoney of Wyoming, chairman of the committee, there is grave doubt in the minds of insurance people as to whether he can control the situation even though he desires to. The difficulty is that some of those who are very prominent in the investigation have a different political philosophy than many thinking people both inside and outside of insurance. The chief issue after all is between those who are veering very strongly toward the left and who believe in constantly increasing centralization of power in the hands of the federal government. Those on the other side still have great faith in individual initiative and enterprise. In other words those siding to the left believe that the people exist for the state while the other side contends that the state exists for the citizens.

Companies May File Petition

It will not be surprising to see a movement initiated by prominent company officials to endeavor to get a hearing so that they can present the side of life insurance in its true nature without any effort to embellish it. In the hotel lobby at the Presidents meeting there was talk of a petition being pre-

(CONTINUED ON PAGE 28)

Ex-Kansas Examiner Denies Impropriety

(CONTINUED FROM PAGE 4)

"He was getting \$6,000 a year for chauffeuring you?"

"No, not chauffeuring me; acting as a clerk in the office."

"Six thousand dollars a year for acting as a clerk."

"Yes."

Doubts "Clerical Capacity"

Remarking that Mr. Holt was getting \$6,000 a year for acting as secretary of the company, Gesell said that "it sounds to me like a little more than a clerical capacity."

"He was Gregory's Man Friday," the witness replied contemptuously.

In support of Mr. Holt's version as contrasted with Mr. Herndon's, Gesell read a letter which Mr. Herndon admitted having written to Harry W. Walker, a Kansas City, Mo., attorney, in which he stated:

"In the data given you from which to prepare our income tax report, is an item of \$115,000 commission on the sale of stock. For your information I furnished the following statement of fact concerning this transaction.

Herndon Made Suggestion

"In the fall of 1927, I suggested to D. H. Holt, secretary-treasurer of the Federal Reserve Life Insurance Company, Kansas City, Kansas, that due to the continued illness of his associate, it would be to the best interests of all concerned, to bring some active men into this company. He authorized me to find men of financial responsibility and insurance experience, who would be willing to make the necessary investment, and become associated in the management of the company.

"I made a trip to Des Moines, Ia., the later part of November, 1927, and conferred with officers of the Royal Union Life Insurance Company. They were interested, but after several conferences, it was found that an agreement could not be reached between the two interests, principally because the Royal Union representatives wanted to move the company to Des Moines, Ia.

"On January 6, 1928, I had another conference with Mr. Holt, and it was agreed that I keep trying to find a buyer for a block of this stock. On January 23, 1928, in a conference with Mr. E. W. Merritt, Jr., I offered him an opportunity to become associated with this company. Mr. Merritt, at my suggestion, on January 24, 1928, called on Mr. Holt."

Initials Were "V. B."

Gesell interrupted his reading of the letter at this point to ask which Mr. Holt was referred to.

"D. H., I imagine," the witness replied.

"It looks like Mr. V. B. Holt to me," said Gesell, showing the witness a photostat on which the initials V. B. were visible and in the margin of which were the initials V. B. and Mr. Herndon's initials, which he conceded he had written.

Continuing with the letter Gesell read:

Dealt With Vernon Holt

"Called on Mr. V. B. Holt and made him an offer for a block of approximately 8,000 shares of stock. I was not present at this meeting between Mr. Merritt and Mr. Holt. Later in the day, however, I visited with both parties. At my conference with Mr. Holt on the 24th, which was after his meeting with Mr. Merritt, Mr. Holt told me that my commission was to be all in excess of \$250,000 received for this stock. I was told by Mr. Holt that Mr. Merritt agreed to pay approximately \$335,000 for the stock in question. I then called on Mr. Merritt and he told me of his offer and agreed to pay me \$40,000 as my commission from him. Later I informed Mr. Holt of the amount of commission to be paid me by Merritt and it was agreed that he would protect all my commissions in this deal, and we would treat the matter as \$373,000 due from Merritt and his associates.

Mr. Merritt brought Massey Wilson of St. Louis in as an associate on the night of Jan. 24, our conference being in the Muehlbach Hotel, at 10 p. m. During the months of February and March, several conferences with Mr. Merritt, Mr. Wilson, Senator Vincent, vice-president of the Federal Reserve, Mr. Holt, and representatives of Keane Higby (bankers of Detroit) and others were held in connection with the financing of the purchase of this stock and the management of the company.

"On Feb. 13, Massey Wilson was elected a member of the board of directors, and at my suggestion this stock was transferred to Carl Willbrand, of Kansas City, Mo., for the purpose of protecting my commission.

"On March 21, 1928, the stock was transferred to Merritt and his associates, the money having been raised through the Commerce Trust Co., Kansas City, Mo., City National Bank, St. Louis, Mo., and the U. S. Reserve Life Insurance Co., Kansas City, Mo. A check for \$373,000 was given me and deposited to my credit at the Commerce Trust Co., Kansas City, Mo. I immediately paid by checks to Mr. Holt and his associates, \$250,000, leaving me a commission of \$115,000."

Gesell Challenges Herndon

"Now, on the basis of this letter, Mr. Herndon, I must challenge you rather vigorously on your statement that Vernon Holt had nothing to do with it," Gesell declared.

"That should have been D. H. Holt," Mr. Herndon said. "Merritt talked to D. H. Holt, and while he talked to him I was in Vernon's office talking to Vernon myself."

"You recognize 'V. B.' as the initials on this letter and your own initials on it approving that correction to read 'V. B. Holt'?" Gesell persisted.

"That's right."

"You are just repudiating that statement at this time," Gesell said.

"I still think it was D. H. Holt," the witness said.

"I don't want to know what you think," Gesell snapped. "I want to know what you recall. This was written at that time. This initiated by you, this document says it was 'V. B. Holt.'"

"One of the Holts"

"It doesn't make any difference, it was one of the Holts," Mr. Herndon said.

"It makes a lot of difference to me, I am trying to find out, was it V. B. or D. H.?" Gesell demanded.

"As I remember it now, it was D. H. Holt," said Mr. Herndon doggedly.

In the same connection Gesell referred to an answer which Herndon filed as defendant in a suit involving the sale of Federal Reserve stock. Gesell particularly emphasized a portion of Mr. Herndon's answer which read:

"Thereafter this defendant engaged in an effort to procure enough shares of the capital stock of plaintiff to give the said Massey Wilson and associates control of the plaintiff (Federal Reserve Life), that for the purpose of bringing about this result, the defendant entered into an agreement with one Vernon B. Holt, whereby Vernon B. Holt agreed to assemble 8,000 shares of the capital stock of plaintiff at an agreed price; this defendant to have as his pay and commission for making such sale, all sums of money over and above the price so fixed by Vernon B. Holt."

"Now, on the basis of that answer and the basis of this letter which you have identified as your own, do you still say that Mr. Vernon B. Holt was simply a 'stooge' for Mr. Gregory, he was a clerk who wasn't in on any of the consultations or negotiations and whose sworn testimony before this committee last week is false?" Gesell demanded.

"This is not my answer, this is Holt's answer," the witness began.

"I beg your pardon, sir, there are

SAINT NICK IN PERSON

Soon it will be time again for the jovial old gent with the bright red suit, the long white whiskers and the generous waist-line.

His press agents have done a fine job and he is receiving untold columns of advance publicity. His fan-mail probably tops anything in Hollywood.

But he just gets around once a year.

There are thousands of other fellows in this country, however, who play Santa Claus every day of the year. Theirs is not the publicized type of work.

Without fan-fare, these fellows—the Life Insurance agents, go about helping thoughtful fathers and mothers make plans to guarantee future Christmas happiness for those they love.

There are 3,500 of these men who represent this Company in the field. They are called Shield Men. The work they are doing will help to perpetuate Christmas joys in the future.

The NATIONAL LIFE AND ACCIDENT Insurance Company, Inc.

C. A. CRAIG, Chairman of the Board

C. R. CLEMENTS, President

HOME OFFICE
NASHVILLE



NATIONAL BLDG.
TENNESSEE

two answers," Gesell said. "Your answer is the one I was reading from, certified by the clerk."

"I beg your pardon," said Mr. Herndon. "I looked down at the bottom. I still only remember D. H. Holt sitting in any of those meetings. I'm not going to say Vernon wasn't present."

Quizzed on \$115,000 Profit

Taking up the \$115,000 which Mr. Herndon admitted having made out of the sale of the Federal Reserve shares to Massey Wilson and E. W. Merritt, Jr., Gesell wanted to know what Mr. Herndon had done to earn that amount of money.

"I sold the stock to Massey Wilson and Merritt," he replied.

"And that was a commission on the sale of that stock and nothing else?" Gesell asked.

"I don't believe it was a commission," he replied.

"They put that stock up and asked Willbrand (Carl Willbrand, attorney for Mr. Herndon) to sign the stock over to me and I paid them the price that they asked for it and the difference between that and what I got from Wilson was my profit, commission, brokerage or whatever you want to call it."

Only \$125,000 for Stock

"Only \$125,000 of this \$375,000 was actually used to pay for the stock, is that so?" Gesell wanted to know.

"I think that is about correct," said Mr. Herndon.

"The rest of it was commission, or gravy or what you will," Gesell commented. "It had nothing to do with the purchase price of the stock?"

"D. H. Holt got \$115,000 as I remember and Vernon Holt got \$25,000."

"And do I understand you to take the position that you purchased this stock yourself from Gregory and then sold it to Massey Wilson and this is in the nature of a profit of between what it cost you and what you sold it for?" Gesell asked. "Is it a commission for handling the direct transaction between Gregory and Wilson?"

Uncertain What to Call It

"I don't know what you would call it," Mr. Herndon replied. "Gregory had the stock and wanted to sell it and agreed to take a certain price. I paid that price at the Commerce Trust Company and paid Holt and paid Vernon Holt and the rest of it was mine."

"Now, is it not a fact that you were examining the Federal Reserve Life at the very time these transactions took place?" Gesell asked.

"I don't recall that I was. I might have been."

Asked if the records of the Kansas department refreshed his recollection on that point, Mr. Herndon said that they did not but that "if that is what the record shows, I would say it was correct."

Admits "Advantageous Position"

Earlier in the testimony Gesell asked Mr. Herndon "whether or not you were not placed in an advantageous position to negotiate transactions for your own benefit by reason of the information you received while examining a particular company."

"No doubt about that," Mr. Herndon replied.

"No question about that, is there?" Gesell persisted.

"No, sir."

The witness confirmed Gesell's surmise that the commissions received in the Federal Reserve's reinsurance of the Providers Life, amounting to \$27,500 plus a 2½ percent commission on business rewritten, were far more lucrative than any per diem received for the examination itself in the Kansas department.

Examinations Were Useful

"I was even wondering why you wanted to fool with the examinations," Gesell said.

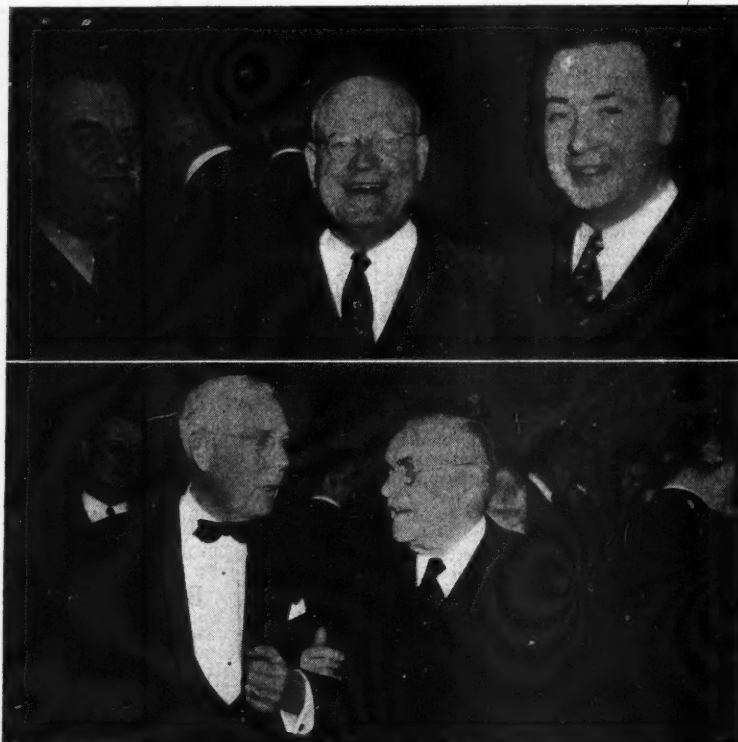
"There is always that in-between time when we have to have bread and butter," said the witness.

"Yes, and then I suppose also you get

J. J. King's Dinner Honors Craig

NEW YORK—John J. King, president Hooper-Holmes Bureau, was host to many of his life insurance friends at a dinner at the New York Athletic Club, the guest of honor being C. A. Craig, chairman National Life & Acci-

field regalia, including a shotgun, the chefs paraded through the dining room carrying the plumaged pheasants which were to be the piece de resistance. Another novel feature was a broadcast alleged to be direct from the White



At the King dinner (above, left to right)—J. W. Thomson, vice-president and actuary North American Reassurance; Dr. J. Rozier Biggs, Washington, D. C., vice-president and medical director American Standard Life and Continental Life, medical director People's Life and Electrical Workers Benefit Association; and Edward King, secretary-treasurer Hooper-Holmes Bureau.

Below—Cornelius A. Craig and John J. King.

dent, and president American Life Convention. For some years Mr. King has been giving a dinner annually in honor of the A.L.C. president, these events being particularly distinguished for the excellence of the menu.

This year, led by a hunter in full

House. It started off "My fra-a-nds," and sounded convincingly genuine until the guests began to hear some pointed and personal references to themselves. Later Mr. King introduced Mr. Craig, who made a brief talk, expressing gratification for the honor done him.

to find out quite a lot about what companies are for sale and what companies are in difficulty if you are going around for the Kansas department examining them."

"Certainly you know all about the company you are examining and you hear about many others," Mr. Herndon replied.

"Did you quite frequently find that as a result of your entree to a company as the representative of the Kansas department you were able to set in motion a series of transactions which turned out to be to your personal benefit?"

"Not Generally"

"No, I don't recall that generally."

"It certainly happened here, did it not?"

"Yes."

In connection with the defunct Royal Union Life of Des Moines, Mr. Herndon testified that in the merger, through reinsurance, of the old Royal Union Mutual and the State Life of Des Moines under the new name of Royal Union, he received \$3,000 in cash, \$35 per diem plus expenses, and \$1,000 a month salary contract to be paid until the total had reached \$50,000. Mr. Herndon said he signed an examination report on the two companies as an insurance department examiner but couldn't remember whether he was representing the Kansas or the District of Columbia department.

Asked what he did to earn this salary Mr. Herndon said that "I was just 'bird-dogging' for them to see if I could

find about any more companies" (to re-insure).

Mr. Herndon said he handled some 15 or 20 transactions but could not even give an approximate estimate of the aggregate amount that he made out of the deals, saying that "some of them I didn't make a nickel out of, and others were rather profitable." He said that except for the half dozen that he had already mentioned, he couldn't remember any of the others.

Not Paid for Influence

Though Vernon Holt had testified that 1,000 shares of Federal Reserve stock had been given Mr. Herndon as payment for getting the Kansas department's approval of the company's reinsurance of Union National Life, Mr. Herndon contradicted this, saying the shares were given him to guarantee payment of \$25,000 which Mr. Gregory had agreed to pay him for his services as an "expert." He said that Mr. Gregory repurchased 500 of the shares at the agreed price of \$25 a share and that he sold the other 500 to Massey Wilson and E. W. Merritt, Jr., for \$10,000, so that he received a total of \$22,500 for the 1,000 shares.

Gesell had to prod the witness's recollection considerably to draw out this information.

"Will you tell us how you came into possession of those 1,000 shares?" Gesell asked.

"Well, all I remember about it now is that Gregory hypothecated them with me to guarantee the payment of

\$25,000," Mr. Herndon replied.

"What was the \$25,000 for?"

"I don't recall now."

"You have no recollection about that?"

"No, not definitely."

"Have you any indefinite recollection that you can help us get the facts on it?" Gesell persisted.

"The possibilities are that it was on a merger between the Union National or Union 'something' and the Federal Reserve."

Mr. Herndon said the money was not in the nature of a commission but was a fee paid for getting Mr. Gregory out of "a lot of trouble he had gotten himself into" in attempting to merge the Federal Reserve and Union National when there was no provision for a merger under the Kansas insurance laws. Gesell wanted to know whether the \$25,000 was to be paid to Mr. Herndon as an insurance expert or "because of your position in the Kansas department?"

Acting As Individual

"It was paid to me for the services I rendered him (Gregory) as the man who was able—yes, an expert, you might say."

"You were acting on behalf of the Kansas department at that time or were you acting in your independent, individual capacity?"

"I was acting independently."

"And do I understand you to say there was no other consideration for this 1,000 shares other than the expert assistance you gave him as an individual?" Gesell asked.

"Nothing that I recall, no."

"And it had no relation whatsoever to any influence you were in a position to bring to bear on the Kansas department or did bring to bear on the Kansas department?"

Mr. Herndon denied that there was any way the Kansas department could stop a reinsurance contract but J. J. O'Connell, special assistant to the Treasury Department general counsel and vice-chairman of the insurance subcommittee of the TNEC, pointed out that the Kansas law provided for a scrutiny of the reinsurance contracts and wanted to know if the department could have stopped the deal. Mr. Herndon said he thought that under the contract as written the department could not have blocked the reinsurance of Union National by Federal Reserve. He agreed that the contract had to be submitted to and approved by the insurance commissioner and the attorney-general but denied that he had talked to either of these officials about the contract, that he had written any letters, or had had any conversations whatever with them about it. He said he had never heard of any Kansas law prohibiting an examiner from owning shares in a company which he is examining.

Not a Company Matter

Asked whether the 1,000-share transaction was mentioned in his next examination report on the Federal Reserve, Mr. Herndon said that it was not, since it was solely a matter between Mr. Gregory and him.

"The company had no concern with that whatsoever, and it would not be mentioned in this report," he added.

Mr. Herndon admitted that although it was a purely personal agreement between him and Mr. Gregory he had helped to write the reinsurance contract.

"That looks pretty much to me like a company matter, a reinsurance contract between the Federal Reserve on the one hand and the Union National on the other," Gesell observed. "It doesn't look to me like that's a personal undertaking for Mr. Gregory. That looks like a company matter."

"It was a matter for the stockholders," Mr. Herndon replied.

"Then you were working for the stockholders of the Federal Reserve?" Gesell asked.

"Well, I didn't stop to inquire when

Mr. Gregory employed me. He paid me."

"And you didn't inquire as to whose interest you were working for or raise any question as to the matter of payments?"

"No, I wrote the best contract I could and it was a matter for the stockholders to accept it or disapprove it."

Mr. Herndon said he did not include in his examination report any mention of the \$9,500 paid him by Federal Reserve for his services in connection with its reinsurance of Providers Life, nor of the \$18,000 which J. B. DeBuchanan, principal owner of Providers Life, paid him for the deal nor of a commission of 2½ percent to be paid him on Providers policies rewritten in the Federal Reserve. He said he did not inform anyone in the Kansas department of his three-way commission in this deal.

"Got Value Received"

"You didn't feel that was a matter that was of any interest to the policyholders or the state of Kansas?" Gesell asked.

"No, they got the value received for it," Mr. Herndon replied. "They bought the business much cheaper than they could write it."

"And you don't think it was of any interest to them to know that the examiner who was examining had an interest in the transaction he was to approve?"

"The stockholders and directors approved it in an open meeting. What was your question please?"

"My question was whether or not you think the policyholders and the state of Kansas ought to know that the examiner called in to appraise the transaction was himself interested in the commissions of three different people."

"I never considered it. It was a stock company and not a mutual."

"So it really wasn't a question for the policyholders at all?" Gesell asked.

"No."

Why Commissions Were Paid

Asked what he had done to earn the commissions, Mr. Herndon said that for the \$9,500 he got from Federal Reserve he brought in \$9,000,000 of new business and a good many thousands of dollars of assets into the company; that he had sold Mr. DeBuchanan's company for him after he had been unable to sell it for months; and that he got Mr. Merritt a rewriting contract that was very profitable to him, since Mr. Gregory at first did not want to deal with Mr. Merritt personally but Mr. Herndon succeeded in bringing them together.

Gesell brought out what had not been clear in the previous week's testimony, namely that Mr. Herndon was at no time a salaried employee of the Kansas department but only did special work when he was called on for the purpose of conducting a specific examination, for which he would be paid on a per diem basis which ranged from \$10 to \$25 a day plus expenses.

Knew Travis and Baker

Asked if he had known Superintendent Travis, who headed the Kansas department when Mr. Herndon began examining for it, the witness said he had known both Mr. Travis and his successor, W. H. Baker, and that the three had served in the same regiment during the World War. Mr. Herndon had the rank of major and Mr. Baker that of captain, though these details were not brought out in the testimony.

E. W. Clark, who was commissioner of insurance in Iowa from 1931 to 1935, testified on the events leading up to the failure of the Royal Union Life of Des Moines June 26, 1933. Mr. Clark said that even before he became commissioner he had heard that all was not well with the Royal Union and studied the situation thoroughly before ordering an examination.

Saying that he considered the condition of the company "deplorable," Mr. Clark said the capital stock was built up largely on values that really never existed, that a large part of the business

was acquired by mergers and practically all of these "smelled bad."

He found, he said, that large sums were being paid out to favored employees, stool pigeons, and brokers who would get this money as a result of contracts on which they would receive percentages on the business of the company. Investments, he said, had reached the point where values were very questionable, most of the real estate mortgages had developed into real estate and to get around the statutory percentage limits on the amount of real estate a company could hold, holding companies were formed, one of which was the Ceres Holding Company which had the same ownership as the Royal Union.

"What did you find with respect to the salaries of officers?" Gesell asked.

"In my opinion they were excessive," the witness replied. "They were far in excess of what their services were worth."

Asked to be more specific Mr. Clark mentioned that A. C. Tucker, president, received \$55,000 a year including his allowance for expenses, that salaries were being drawn in advance and that Mr. Tucker would draw his salary perhaps a year in advance. Expense accounts were liberal and not properly accounted for according to Mr. Clark's ideas.

Asked who his predecessors as com-

missioners were, Mr. Clark said that Ray Yenter had immediately preceded him and that the two who preceded Mr. Yenter were W. R. C. Kendrick, and E. C. Savage, both of whom became vice-presidents of Royal Union. Mr. Clark did not know whether Mr. Yenter had represented Royal Union as counsel but said that he had so represented Mr. Tucker, its president.

"Considerable Political Influence"

As to the Royal Union's engaging in politics, Mr. Clark said it was "presumed to have considerable political influence." Asked to explain, he said that its officers were "always around when anything political was going on," and added "you gentlemen ought to know what that means."

Mr. Clark said that he started his examination of the Royal Union late in 1932 but that before it was really completed the company failed in June, 1933, although there had been interim reports from time to time. He said that during the examination one of the vice-presidents whom he did not name, removed some of the liability cards from the accounting files and these cards were later found in this official's drawer and others in the bottom of a waste pile.

Mr. Clark explained that he wanted to save the company but that there was no way he could step into its manage-

ment without getting a receiver appointed and thus stigmatizing the company. However, he said he did tell the officers they could spend no money except for routine expenses without departmental approval and he put a man into the company to enforce this ruling, although it turned out that the company paid no attention to the ruling.

W. K. Herndon had been made chairman of the executive committee as Mr. Clark recalled, although Mr. Herndon had earlier denied holding any office in the Royal Union. While Mr. Clark was attending a commissioner's meeting in Chicago the man he had placed in charge of expenditures of the Royal Union home office telephoned him to say that the company was about to pay out \$1,602 to Mr. Herndon as reimbursement for expenses while he had been ill including hotel expense, nurses, and a trip to Los Angeles to recuperate.

"I phoned the president that if he paid that I would not endeavor to keep the company from receivership but would move for it," said Mr. Clark. "However, they beat me to it. They went into federal court and asked to have one of their men as receiver. I fought it—the law of Iowa is that the commissioner of insurance acts as receiver without pay—and finally I was appointed co-receiver."

Mr. Clark said that the photostatic



What about YOUR OWN Future?

As an insurance man you are continually asking your prospects to prepare for their futures. Have you ever given serious thought to your own? If you are like many others, possibly you have put off doing so. Now is the time to do just what you ask others to do.

The Minnesota Mutual has a few general agency openings in various parts of the country.

WE OFFER

1. A liberal agency contract.
2. A plan for financing your agency.
3. Accounting methods to guide you.
4. Proven plans for finding—training agents.
5. A liberal financing plan for your agents.
6. A unique supervisory system.
7. Organized Selling Plan.
8. Unusually effective selling equipment.
9. Policies for every purpose: Regular—Family—Juvenile—Women—Group—Payroll Savings, etc.
10. Low monthly premiums.

A \$225,000,000.00 Mutual Company, 59 years old with an understanding, cooperative Home Office.

**THE MINNESOTA MUTUAL
LIFE INSURANCE COMPANY**

Saint Paul, Minnesota

copies of material bearing on the Royal Union's reinsurance deals which he had furnished the SEC, were made at the time of the examination because "I felt that the originals might disappear from the company's files." He said later that they did disappear.

Requested to go more into detail about money received by favored employees, he said that the chief recipients were F. L. Tucker, a brother of the president, who was employed in various capacities but was not one of the principal executive officers, and C. E. Bowers, assistant to F. L. Tucker.

Got Inside Track

"About the time that some company was to be reinsured, the Royal Union would enter into a contract with Bowers or Tucker in which the Royal Union agreed to pay Bowers or Tucker a certain percentage of the premiums to be received from the new company," Mr. Clark related. "There would be a merger of the two companies and Bowers would be entitled to many thousands of dollars. Since the contract ran for a term of years and since Bowers or Tucker desired a settlement an arrangement was made and approved by the directors for a lump sum payment. In many instances these ran into large figures."

Mr. Bowers got a salary of \$7,800, Mr. Clark said, but during the years he was the beneficiary of these contracts he received a total of \$302,240, while F. L. Tucker during the same period received \$178,015.

The president, A. C. Tucker, was rarely in Des Moines and the telephone bills for his lengthy long distance conversations sometimes ran as high as \$1,000 a month which the company paid. Mr. Clark said that Mr. Tucker started out with nothing and ended up with \$1,000,000.

Impairment Supposedly Remedied

Royal Union's surplus had been impaired some years before he became commissioner, Mr. Clark said and just before he took office he was told that by wise investment policy the company had got itself into first class condition. He said, however, that this apparent soundness was achieved by the company's buying southern municipal bonds, mostly school bonds, which were selling below par, putting them into the company's portfolio at par and putting the difference between the purchase price and the par value in as surplus.

Salary advances made to President Tucker, according to Mr. Clark, were usually to enable him to buy some of these southern bonds below par.

"About a year later the company would pass a resolution that inasmuch as Mr. Tucker was indebted to the company they would make a settlement and accept the bonds at par," said Mr. Clark.

"Was anyone ever prosecuted?" asked Gesell.

Mr. Clark said no, but that he had gone to the prosecuting attorney who said he would be glad to proceed if any law had been violated but that nothing ever came of it.

At the same time, Mr. Clark testified, he was a target of suits brought not by the company itself but by "satellites and outsiders." As far as working through the state attorney-general who was assigned to the insurance department was concerned, Mr. Clark said that "he was a pal of theirs."

Referring to the whole Royal Union situation, Vice-chairman O'Connell said that "this is a really shocking condition. It should not be permitted." Mr. Clark agreed but pointed out that an insurance commissioner must have the chief officer of the state behind him or the company in question will run to the governor and get corrective efforts blocked. He said that the new governor, although of a different political party, supported him when he learned of the conditions surrounding the Royal Union.

Paul L. Temple, manager ordinary department, Missouri Insurance Company, St. Louis, testified on the reinsur-

ance deal under which the Federal Reserve took over the Providers Life.

In 1925, while operating a small automobile reciprocal insurance company, Mr. Temple met J. B. DeBuchanne through J. L. Babler of St. Louis, who with Mr. DeBuchanne had organized the North American Holding Company to buy up small life companies, though at that time it had not purchased any. Mr. Temple lent Mr. DeBuchanne and E. W. Merritt, Jr., \$7,500 to buy up the capital stock of Kaskaskia Life of Shelbyville, Ill. Mr. Temple then exchanged a half interest in his automobile company for a half interest in the life company. Kaskaskia Life was renamed Mississippi Valley Life and it and the automobile companies were moved to St. Louis.

Got Two Republics Life

A little later the casualty company was sold to a Wisconsin hosiery company official and with the money so realized the partners acquired control of Two Republics Life of Texas.

A short time later Mr. Temple learned through W. R. Presnall, secretary of Farmers National, that the president, B. F. Biliter, wished to sell out and had set a price of \$30 a share on his stock. Without having had any previous business experience with him, Mr. Temple telephoned Massey Wilson, whom he had met when Mr. Wilson was a business partner of Mr. Babler. Mr. Wilson said he was interested in the proposition.

The sale went through with an agreement calling for \$27,000 commission to Mr. Temple. The company had some \$42,000,000 of insurance in force.

Declared Self In

Mr. Temple said that although his partner, Mr. DeBuchanne, did not know of the deal until it was practically completed, he "declared himself in" for a like commission of \$27,000 and that John V. Sees, personal attorney for Farmers National's president and a Farmers National director also declared himself in, although the only thing he did was to help prepare the letter to stockholders about depositing their stock.

"That was a rather simple matter, was it not?" asked Gesell.

"Yes, I thought he was substantially paid for his efforts," said Mr. Temple.

At one point, Mr. Temple testified, the deal was almost blocked when Mr. Presnall told him the president and chief stockholder of Farmers National, B. F. Biliter, threatened to back out unless he got a \$50,000 bonus in addition to the agreed price of \$30 a share. Mr. Wilson consented to pay this extra amount and the deal went through. Mr. Temple recalled giving a cashier's check to Mr. Presnall, who signed the receipt as Mr. Biliter's agent.

Brother Got a Cut

Mr. Temple said that the \$27,000 he received was not quite net, as Mr. DeBuchanne had persuaded him to give Mr. DeBuchanne's brother George \$1,500, with himself contributing a like amount, because of the extra work George DeBuchanne had been put to as a result of Mr. Temple's being away from the Mississippi Valley home office about 30 days while working on the Farmers National deal.

Having learned of some "straw mortgages" which Mississippi Valley Life owned on property which really belonged to Mr. DeBuchanne, and also having realized the extent to which the company was saddled with relatives of his partner, Mr. Temple set about to sell his interest in Mississippi Valley. He was approached by J. B. Smith, the defeated candidate against Commissioner Hobbs in Kansas, and J. N. Mitchell, who later brought in W. K. Herndon. Mr. Temple was under the impression that Mr. Herndon was financing the other two in the purchase of the North American Holding Company, which owned Mississippi Valley Life.

Asked if any commissions were paid, Mr. Temple said that \$15,000 was paid

to Mr. Herndon, he and Mr. DeBuchanne each paying half.

"What did Herndon do for this \$15,000?" asked Gesell.

"I didn't see he did anything."

"Why did you pay it?"

"Because it was obvious that the deal wouldn't go through unless we did."

"Who said that?"

"Mr. Herndon himself," said Mr. Temple, adding that Mr. Herndon told him not to discuss this commission with his (Herndon's) associates, "which we didn't." Discussing his purchase of the Republic National Life of Dallas, which he later lost before completing payment on it, Mr. Temple said that as part payment he had given a building to be used by the company as a home office. There was a spread of about \$55,000 between the price he paid for the building and the \$610,000 for which it was credited in the purchase, as he had been able to pick it up at a distress price. He said the building was valued by the real estate board at \$725,000.

Officer Split Profit

Mr. Temple testified that E. H. Banta, vice-president of the Republic National, with whom he had his dealings, shared in the \$55,000 profit on a 50-50 basis.

As the hearing concluded for the week, Gesell introduced in the record an address which G. S. Van Schaick, now vice-president of the New York Life, made as superintendent of insurance in New York, on interstate liquidation of failed companies. Gesell said that Mr. Van Schaick authorized him to say that he continued to hold the views expressed in that address, which was delivered in 1933.

Mr. VanSchaick at that time suggested an amendment to the federal bankruptcy act to facilitate the liquidation of failed companies, or as an alternative, uniform state laws. The commissioners committee appointed to study this question recommended uniform state laws rather than the federal bankruptcy amendment.

Gesell quoted from the proceedings of the recent annual convention of the National Association of Insurance Commissioners in which it was reported that as far as the uniform state law was concerned, "unfortunately only New York, Indiana, California, Vermont and Michigan" have adopted it.

L. A. A. Presents Sketch of Anderson to Penn Mutual

The Life Advertisers Association has presented to the Penn Mutual Life a portrait of the late Stewart Anderson, editor and advertising manager of that company.

The portrait, a handsome drypoint study made by Bart Leiper, was presented by Mr. Leiper, the association's secretary, at a meeting of the executive committee in New York, and was received by D. Bobb Slattery on behalf of President John A. Stevenson.

In accepting the gift, Mr. Slattery described it as a gracious tribute to a gracious man whose memory is widely revered. He went on to say that such a demonstration of fraternal affection was a heartening and beneficial event, and that he thought honoring Stewart Anderson was also an honor to the association as proving the members' capacity for appreciation of sterling qualities.

Mr. Anderson's associates at the Penn Mutual, touched by the expression of regard for him, have placed the portrait as a permanent memorial on the wall back of the desk he so long occupied.

ALC Membership at New High

The Manufacturers Life of Canada and the Paul Revere Life have joined the American Life Convention, bringing the total membership up to 157, an all-time high.

Yetka Defies TNEC, Won't Submit Data

C. F. Liscomb Urges Life Agents to Stop Federal Meddling

DULUTH, MINN.—Tactics of the Temporary National Economic Committee were roundly criticised at a gathering sponsored by the Duluth Life Underwriters Association at which steps were taken to coordinate fire and life insurance public relations work in Minnesota.

In a bristling attack on the TNEC, Commissioner Yetka of Minnesota declared he was going to ignore the questionnaire sent to commissioners, declaring it was inspired by "lame duck" commissioners who are laying the groundwork for federal supervision of the insurance business. Mr. Yetka said that even though there may be "plenty wrong" with the insurance business and there may be flaws in state supervision, federal control is not the remedy. He predicted that if it comes there will be a duplication of service, for Minnesota and many other states will not surrender completely their control over the insurance business.

Federal Supervision Not Solution

"I have yet to be shown how federal supervision can excel state departments," said the Minnesota commissioner. "No one can convince me that a bureau down at Washington can be of greater aid to Minnesota policyholders than a state agent responsive to their best interests."

In welcoming the life agents in his capacity as president of the Duluth Chamber of Commerce, C. F. Liscomb, past president National Association of Insurance Agents, took occasion to praise the caliber of insurance men generally. "I do not believe you will find a higher grade of men in any other business or profession than there is in the insurance business," he said. "But because of unfamiliarity with what we are doing, the public is apt to be contemptuous of the insurance business. We have not conveyed to the public mind the great work we are doing."

Investigation "Dastardly Thing"

Mr. Liscomb rapped the TNEC investigation as "a dastardly thing" and urged life agents to show their disapproval of it.

"The trend is toward federal control of the insurance business and I believe the National Association of Insurance Agents has done more than any other agency thus far to prevent it. (He cited its action on cotton and corn loan insurance.) If you life insurance agents will organize your numerical strength you will have a wonderful chance to improve your status. Let's stop federal meddling in the insurance business and go out after more business."

State Presidents Confer

Attending were Harry Levant, president of the Minnesota Association of Insurance Agents, and Hiram Moore, president Minnesota Life Underwriters Association. They conferred on how the two state organizations could be of help to each other in strengthening the position of the insurance business generally in Minnesota. They agreed that one of the first things to be done is the weeding out of incompetent agents.

Outline Plans for Congress

O. A. Reeves, St. Paul, outlined plans for the second annual life insurance sales conference to be held at St. Paul Jan. 25 and told of the need for organization work to combat the dangers facing the business. Ellis Sherman, Minneapolis, described the public relations work being carried on by life underwriters in that city, and G. Cameron Hurst, Minneapolis, gave a demonstration.

(CONTINUED ON PAGE 28)

Field Men Celebrate 75th Anniversary

Provident Mutual Agents to Hold Palm Beach Sessions Jan. 30-Feb. 2

Celebration of the Provident Mutual Life's 75th anniversary this year will reach its height at the annual meeting of the General Agents Association, Jan. 30-Feb. 2, at Palm Beach-Biltmore Hotel, Palm Beach, Fla. A number of officers, including President M. A. Linton, will be on the program, and it is understood an anniversary policy will be announced.

The company's actual anniversary is March 22, when, according to the celebration plans, President Linton will be heard in general agencies throughout the country over a telephone hookup. It is also planned to have some festivities at the home office to which general agents and probably officials of other companies will be invited.

Round Table the Next Week

The general agents program at Palm Beach will be followed by the Provident Round Table, a meeting of ordinary agents, there the following week, scheduled to start Feb. 5. This will be attended on a qualification basis by agents who have paid for \$250,000 or over in the club year. President Linton and the other officers will stay over to repeat much of the program given at the general agents session.

Willard Ewing, general agent in Chicago, president General Agents Association, announced tentative program plans this week. The first day he will preside at the sessions. On the program, with their subjects, will be C. Sumner Davis, editor of publications, "Anniversary Year Activities"; President Linton, annual message; at luncheon, "Our Picture of the Provident Mutual," in which three veterans of the organization will reminisce: Franklin C. Morss, manager of agencies; W. T. Ferris, manager of the New York City premium office, and L. F. Paret, general agent at Philadelphia. S. P. Ellis, Cincinnati general agent, will be luncheon toastmaster. He is celebrating his 50th year with the Provident Mutual. Nelson A. White, advertising manager, will talk on "Your Anniversary."

Session Devoted to Veterans

The next day T. B. Silliman, general agent at Duluth, will preside. Edward W. Marshall, vice-president and actuary, will talk on policies; Henry Bossert, Jr., manager of the agency research department, on "Is There a Veteran Problem?"; Alex M. Hammer, Boston general agent, and Paul Loder, general agent at Philadelphia, on "If So, What Can the General Agent Do About It?" This session will be devoted to veterans and their problems.

The third day's sessions will take up the problems of the younger agents. A. Morse Baker, general agent at Philadelphia, will be chairman. On the program will be J. Stinson Scott, general agent Rochester, N. Y., on "The Young Man in Life Insurance"; George P. Shoemaker, general agent New York City, on "Recruiting the Young Men"; Samuel P. Quarles, general agent Kansas City, Mo., on "Is Special Training Needed?"; Lowell W. Davis, general agent Hartford, on "Getting Him into Production," and W. Lawrence Rotz, general agent Decatur, Ill., on "Supervision of the Young Men."

Session on Home Office

The final session will be taken over by home office men with Willard K. Wise, vice-president in charge of agencies, as chairman. Speakers will be Malcolm L. Williams, assistant manager of agencies, "First Things First"; E.

TNEC, Management Plans Discussed at Detroit

Commissioner Emery and E. H. Wilkes View Federal Investigation

DETROIT—Current problems in the management field, recruiting, selection, training and motivation as well as the TNEC investigation of life insurance were discussed before 120 managers, general agents and supervisors from all quarters of Michigan at the state-wide congress here sponsored by the Associated Life General Agents & Managers and the Michigan State Association of Life Underwriters. More than 300 members of Qualified Life Underwriters and Detroit Accident & Health Association joined the managers at the noonday luncheon.

E. P. Balkema, manager Northwestern National and president of the managers as well as program chairman for the congress, presided at the morning session. Commissioner Emery, introduced by K. W. Conrey, state president, declared, "My endeavor has been to make the insurance department not the policeman of the life insurance business, but its big brother. Despite the fact that our agents' qualifications law requires no examination for life insurance agents, as it does for fire and casualty agents, we have had no trouble with life underwriters."

Many Changes Predicted

"Many changes are going to take place in the life insurance business in 1940," Mr. Emery predicted. "It behooves us to have an open mind attuned to change with the changing times. The agency system is 'on the spot' with the TNEC. The question is, does the value of our services justify what the public is paying for those services? I believe that it does. The TNEC does not seem to realize that the life agents are not getting rich at the expense of the policyholders. The average income of the life agent is said to be \$804 per year, or \$67 per month. Surely that is not excessive!"

"The record of the life insurance institution through the depression years proves its essential soundness. However, the next session of Congress will without doubt see life insurance fireworks, if the attitude that Washington is taking today toward the business continues. In the face of this situation it behooves the business to get together

(CONTINUED ON PAGE 27)

Milnor Bechtel, agency assistant, "The Provident Plan"; Ernest A. Farrington, agency assistant, "You Are Important People"; Clancy D. Connell, New York City general agent, "The Trend of the Times," and closing remarks by President Linton.

There will be many entertainment features, including dancing the first night, boat excursion and golf the second night, with dinner at Miami-Biltmore Hotel, Coral Gables, and a sightseeing trip on Lake Worth and automobile tours the second day, with dinner and dancing at the hotel.

Lowell Davis is the association vice-president; A. Morse Baker is secretary, and Mr. Silliman is auditor. Officers for the new year will be elected.

Regionals Are Planned

Provident Mutual is planning to hold three regional conventions in 1940, at which attendance will not be on a qualification basis. The first meeting will be at Del Monte, Cal., next spring for the far western division. Later in the year, probably in the fall, there will be meetings at Atlantic City, with a trip to the home office, and at the Edgewater Beach Hotel, Chicago.

Woody and Preston Cover Recruiting, Selection and Motivation

DETROIT—Some sort of plan is vitally necessary in recruiting and selection, W. V. Woody, Chicago agency manager Equitable Society, declared before the Michigan managers congress here. The first step in recruiting should be a critical examination of the present force. The chances are that the agency would be much better off without some of the men.

When Mr. Woody took over his Chicago agency, it had 27 men under contract. He eliminated some who never should have been permitted to enter the business in the first place. "Some of them were selling real estate or neckties or something of that sort on the side. Next I made a rule that men in good health would have to produce at least \$1,000 in first year commissions every year to stay with the agency. I don't want men who cannot or will not sell a fair volume of life insurance every year cluttering up my office. Last year, of 80 men in the agency, seven went out because of this rule, and the agency is stronger without them."

Organize Units for Recruiting

"When these seven were eliminated, I told my men that we needed some new blood. The men organized themselves into units of four men each, and each unit agreed to secure at least one good recruit for me during the course of the year."

"In recruiting we prospect for agents just as underwriters prospect for business. We want the man who can talk intelligently to men earning \$3,000 a year or more, and we like to get men who can supplement their commissions for the first 18 months with income from another source. We used to figure that financing for 30 days was sufficient, but not under present conditions. The Equitable has no extensive financing plan and as for me, I quit financing men out of my own pocket long ago."

Uses Charts and Tests

"I make full use of rating charts and aptitude tests in selection. If the charts are not satisfactory, it gives me confidence to turn them down if necessary. This procedure also gives me an opportunity to enthrone a satisfactory prospect by showing him the rating charts of successful men in the office, pointing out that his chart shows up as well as theirs."

"When we make up our minds to take a prospect, we ask him to give us two lists. The first is a list of 10 men who would be glad to see him succeed in the business. The second is a list of 60 or 70 acquaintances who might be prospects for him. If he is married, we talk to his wife, if not, to his father."

Develop Centers of Influence

"Our assistant managers call on the list of 10, whom we seek to develop into centers of influence for the new man. If the new man makes a good record and gets his name or his picture in our agency bulletin, we see that each of these centers of influence gets a marked copy. We persuade the new men to take the company's educational courses. We have found that the best way to get them started into production is to send them out right away with an assistant manager or older agent so they can earn as they learn."

"We make all of our calls upon appointment, and make the appointments by telephone. The first day the new man is with us we teach him a simple telephone approach for an appointment and start him at it. We teach him four simple interviews to concentrate upon at first and start him to work on a joint

basis, dividing the commissions earned 50-50 until he is able to go alone. The assistant manager does all of the work at first, with the recruit gradually taking over the interviews as he is able to do so. We have found that the assistant managers will not do a satisfactory job with the new men unless they share the commissions."

The luncheon was given by the Qualified Life Underwriters, with President R. T. Smith, Travelers manager, presiding.

K. W. Conrey, Penn Mutual Grand Rapids, president state association, presided at the afternoon session. E. W. Brailey, general agent New England Mutual in Cleveland and National CLU president, speaking on "Training," opened the session.

J. A. Preston, sales director Columbus Mutual Life, spoke on "Motivation," declaring that motivation is simply supplying the power that moves. "Men do not buy insurance with their minds or their pocketbooks but with their hearts. We use our minds only to justify the purchase after our heart has instructed us to make it."

Buy Through Emotions

"We buy through our emotions, and these are many. One man—and his number is legion—buys through love of his wife and family; another because of pride, or ambition, or fear or hope. Motivation is seldom used consciously. If we did use it consciously, we would soon use it all the time and use it more naturally."

Even mechanical motivation can be used with remarkable effect. He showed a booklet containing facsimile checks which are torn out one by one and presented to the prospect along with the story. They dramatize the clean-up fund, the monthly check, the retirement check, and arouse the prospect's wish to acquire them. These mechanical motivations have helped many a man over the hurdles.

Draw Upon Background

Older men can draw upon their own background for motivation. They can talk to the beneficiaries of their policyholders whose policies have matured and find out if the insurance was adequate to their needs, if it lasted as long as it should have. "Let's get letters from them telling us what those checks did for them, what more they could have done if they had been larger or had continued longer. That's the best motivation you can find anywhere. Letters carry weight. The prospect can argue with the agent but not with a letter."

"In our efforts to make life insurance a business, we too often forget the true purpose of insurance. The institution was not founded to give 180,000 agents in this country a living. Long before the days of life insurance, men loved their families and drudged for them—and wondered what would happen to them if they should die. That's what created the public demand for insurance."

"It is up to us to show our men why they work and how to translate that urge of theirs into motivation for their prospects. We can't lead men successfully unless we can show them the reason why they are in the business. Keep them sold on the value of being engaged in this marvelous profession of ours," Mr. Preston urged.

Berenice Meistroff Heads Women's Round Table

Berenice Meistroff, Guardian Life, Kansas City, has been appointed chairman of the women's quarter million round table, taking the place of Alberta Allen, Massachusetts Mutual, St. Louis, who desired to retire because of the pressure of other duties. Mrs. Meistroff has made a record in the field, having written as many as 117 cases in a year. She has been an application-a-week producer for 240 weeks.

G. C. Moore, general manager of the Imperial Life of Canada, has been elected a director.

Distinctive Honors for Unusual Woman

NEW YORK—Mrs. Ray Wilner Sundelson, for many years the Equitable Society's sole woman general agent, this week celebrated the beginning of her 45th anniversary year with the company at a luncheon which was attended by President T. I. Parkinson, who was the principal speaker, Vice-presidents W. J. Graham, Andrew Tuck, V. L. Bushnell, W. B. Parsons, and Frank L. Jones, and Dr. R. M. Daley, medical director.

W. M. Duff, president of the company, Woods agency, Pittsburgh, was chairman.

Guests of honor included Superintendent Pink of New York; Holgar J. Johnson, president Institute of Life Insurance; Benjamin Alk, president New York City Life Underwriters Association; William J. Dunsmore, president Equitable New York board of managers, and Sarah Wolfson, president of League of Insurance Women.

A feature of the luncheon was the presentation of a matured endowment check to Samuel Simkin by Vice-president Ray D. Murphy.

United Services Life Is Enlarging Its Scope

United Services Life, Washington, D. C., which was organized nine months ago, effective Jan. 1 will write ordinary life, 20 and 30 payment life, life paid up at 64; 10, 15, 20 and 30 year endowment, endowment at 64, juvenile 20 pay, juvenile endowment at age 18; one, two, three, four, five, six and seven year convertible term, and term to 64, all participating, at low premium rates. It will consider commissioned and warrant officers of the U. S. army, navy, marine corps, coast guard, coast and geodetic surveys and public health service, and their families. This liberalization adds juvenile and female risks.

United Services Life has written \$9,531,727 of insurance, the agents' average monthly production being \$40,200 and the average policy \$6,697.

Waiver of premium and double indemnity are issued on both males and females, and 10, 15 and 20 year family income plans.

Defer Am. Bankers Decision

An extension until Jan. 22 has been granted by the Morgan county circuit for the filing of bids for reinsurance of the defunct American Bankers of Jacksonville, Ill. The deadline had been Dec. 18, but on that day the court agreed to an extension of time. It was brought out that two bids have been entered, one by Rockford Life of Rockford, Ill., and the other by American Bankers Life, a new company now in process of organization under the leadership of C. Y. Rowe, who was president of the old American Bankers.

May Enter New Home June 1

Construction work on the Continental American Life's new home office building at Wilmington, Del., is up to schedule, although delay of steel deliveries lost three weeks. The contractors report the building will be ready for occupancy June 1, the date originally set, when it is planned to have formal ceremonies.

Stone work is being installed while concrete is being poured for floors and pillar encasements on upper floors. Despite the winter hardships, work is being pushed at a rapid pace. The last steel beam was placed November 21. Plumbing and special carpentry work were rushed during the delay in getting steel. Riveting was completed Dec. 1.

Concrete work has been proceeding at the rate of a floor a week, and work on the fifth or top floor was started Dec. 14. The structure will be L-shaped, with wings 115 feet long and 147 feet wide and an entrance at the

Presidents Present Notable Speakers

(CONTINUED FROM PAGE 1)

the president of the National Association of Insurance Commissioners on the programs, this year being C. C. Neslen of Utah. Another precedent is the annual review of the vital statistics. This is given by some prominent medical director. Another custom that is followed is the investment address. This is a review of the investment situation and an analysis and breakdown of composite portfolios to show the percentages of various kinds of investments.

Dr. Wallace Is Introduced

Introducing Dr. Wallace, Chairman Linton said that he graduated from the University of Toronto, then he continued his studies at the University of Chicago where he received his Ph.D. degree. He spent five years as professor of English at Beloit College, Beloit, Wis., and in 1904 he returned to his alma mater at Toronto as lecturer in English. Later he became head of the department and for the last 11 years has been the principal of University College. Dr. Wallace, the chairman remarked, is a profound student of the Elizabethan period of English literature. He is the author of "The Life of Sir Philip Sidney."

Following Dr. Wallace's address C. A. Craig, chairman of the board National

angle facing Rodney square. Continental American will occupy about half the building. The property is big enough so it may be doubled in size when needed.

Equitable Cashier Feted

Miss Josephine Reichwald of Equitable Society's cashier's department at Chicago celebrated her 35th anniversary with the company there this week. The occasion was observed by representatives of the Chicago staff at an informal gathering. Courtenay Barber, general agent, on behalf of the organization, presented her a wrist watch. Miss Reichwald is in charge of policy loans and changes of beneficiary.

Holgar Johnson Busy

Holgar J. Johnson, recently elected president of the Institute of Life Insurance with headquarters at New York City, is now spending all his time at his office in the Lincoln building, 60 E. 42nd street, diagonally across the street from the Grand Central station. His family still resides in Pittsburgh and therefore he commutes back and forth. At the end of the school year he intends to move his lares and penates to the New York sector. Mr. Johnson has made valuable contacts and has furnished first hand information to newspaper men and other writers. It is known that his work will not be of a spectacular kind but it will be very effective.

Non-Forfeiture Committee Named

The committee of seven actuaries that prepared the report on the need for a new mortality table has now been designated by the president of the National Association of Insurance Commissioners as the committee to consider the subject of non-forfeiture benefits. The members are: Alfred N. Guertin, actuary, New Jersey department; Charles A. Taylor, actuary Life of Virginia; Charles Hughes, chief audit bureau New York department; Russell O. Hooker, actuary Connecticut department; Lloyd Thomson, actuary Indiana department; F. Edward Huston, actuary American Life Convention.

Miss Sinton Cincinnati Speaker

Lorraine Sinton, sales promotion manager in the Paul Cook agency of Mutual Benefit Life, Chicago, addressed the Cincinnati C. L. U. chapter Monday on "Practical Prestige Building."

Life & Accident, who is president of the American Life Convention, represented his organization. He is one of the founders of the National Life & Accident; for 29 years served as president. In 1931 he became chairman. Mr. Craig said in regard to the problems of the companies, it should be said that with rare exceptions, they are such as are inherent in the business. Each problem is accepted simply as a part of the day's work and solved to the best ability of those whose duty it is to solve the particular problem.

Problem from Unexpected Source

Occasionally, however, he said, there comes one from an unexpected source and at an unexpected time. Such a one, he said, is presented by the investigation of life insurance by the TNEC. This problem, he said, does not lie so much in the investigation per se but in the fact that the goal of the committee is clothed in obscurity, no one apparently knowing the real purpose of the investigation nor what recommendation to Congress it is to support. That it should come right now, just as the companies have felt that they have rendered as fine a service as was ever given by any financial group in the history of this or any other country has not been easy to understand. It truly seems ironic, he said.

Mr. Craig referred to the disbursement of millions of dollars by life companies. They frankly admit that they are entitled to no credit for carrying out their contracts. They have never claimed credit, he said. Surely, he added, it is not to their discredit that they have provided the means, the safest and surest means by which one with foresight could not only protect his family in case of death, but could at the same time and under the one plan use reserve accumulations as he would a bank account when necessity occasioned such a use. Nor is it to their discredit, he said, that through the years they have built up and organized an agency or sales force without a peer in the land; that this organization composed of some 175,000 people is responsible for the fact that the United States with only about 7 percent of the world's population, now owns about 70 percent of the world's life insurance in force. He said it is the obligation of the companies to preserve the American agency system through whose efforts life insurance has had this wide distribution.

A. P. Earle, president and managing director of the Montreal Life, is president of the Canadian Life Insurance Officers Association and represented that body. He has been engaged in life insurance since 1896. He has served in an actuarial capacity with companies in this country as well as Canada. For the last 21 years he has been in his present position. Mr. Earle said that all glory in the success and the accomplishments of the life insurance institutions on the continent of America. In Canada he said the companies are not operating under 48 different legal codes that are changing from year to year and there are proceeding in Canada no lopsided investigations of life insurance, its moralities and general uses to the community. He said that in Canada the insurance people have had trouble with some who are crack-brained, misguided crusaders seeking aggrandizement by a turning-down process, but he added that the strong and healthy growth of right thinking has pretty well sloped off the demagogic views.

He said that his association is the oldest life organization of its character on the continent. It is a pioneer in the field of insurance institutions. He said that it maintains the most friendly relations with the governing body, and especially in association with insurance superintendents in the service. The membership, he said, comprises all companies

writing legal reserve life insurance admitted in Canada. Its annual meeting, he said, will be held in Montreal, June 6-7.

Foster F. Farrell of Chicago, secretary-treasurer and manager of the National Fraternal Congress, sent greetings to the assembly. He was formerly a Des Moines investment man. He referred to the fact that Actuary Bruce Shepherd of the Life Presidents Association brought greetings to the last meeting of the National Fraternal Congress in Detroit. He said that many of the commonplace practices and services of today originated and were fostered by the Presidents Association.

Holgar Johnson Presented

Holgar J. Johnson, president of the Institute of Life Insurance, represented that body. He stood on the platform a year ago when he was president of the National Life Underwriters Association. He said that there are four major objectives of his association:

1. To help create a better public understanding of life insurance and its service which obviously includes the work of the agent.

2. To try to translate to the companies the public's impressions and especially to try to help eliminate the causes which make it necessary to have a program of public impressions.

3. To try to study some of the long term projects which will help to more adequately interpret the full social and economic impact of life insurance.

4. To try to build friendly relations with the government for the best interest of the public and the policyholders.

He said that any fair and honest appraisal of life insurance brings to the attention of the companies many of the things that the life insurance business has done and is doing for public interest. Unfortunately, he said, many fail to take full advantage of giving to the public all the information they should have about the many things which have been done through life insurance.

C. J. Zimmerman's Talk

At the Thursday afternoon session Chairman Linton introduced President Charles J. Zimmerman of the National Association of Life Underwriters, general agent of the Connecticut Mutual in Chicago. Chairman Linton said Mr. Zimmerman has a long record of brilliant accomplishments. His success in agency-building, he added, has been most noteworthy. Mr. Zimmerman gave a longer discourse than the others and presented the views of the field forces to the companies on a number of different subjects. He was listened to with attention and all hands applauded him for his very frank and forthright expressions. It is interesting to know that Chairman Linton in introducing him called him "Charlie" and in his remarks afterwards in referring to him in this familiar way said that Mr. Zimmerman occupies a clear position in the minds of company executives.

Commissioner Neslen Introduced

The first set speaker of Thursday afternoon was Commissioner Neslen of Utah, president of the National Association of Insurance Commissioners. Chairman Linton remarked that the commissioner had been prominently identified with the business and ecclesiastical life of Utah and Salt Lake City.

Commissioner Neslen brought greetings from President Heber J. Grant, 83 years of age, who had been scheduled to speak. Commissioner Neslen said that although he is in good health his family thought that coming this long distance to this "isolated" section at this time would be dangerous. He charged Commissioner Neslen with the responsibility of securing for him a rain-check for next year.

The annual paper which is always presented on "Mortality and Longevity" this year was given by Dr. W. E. Thornton, second vice-president and medical director of the Lincoln National Life, a man well known in his profession. He accompanied his ad-

dress with some graphs and illustrations on a large screen. Dr. Thornton practiced medicine for 12 years. In 1921 he became associated with the Lincoln National Life and for 15 years has been its medical director. He is a member of the board. He is prominent in organization activities. He is a member of the Indiana State Medical Society and the American Medical Association. He served as chairman of the Medical Section of the American Life Convention in 1937-38 and has been elected to his fifth consecutive term as a member of the executive council of the Association of Life Insurance Medical Directors. Dr. Thornton presented a very thoughtful paper.

PRESIDENT DODDS

The last speaker at the Thursday afternoon session was President H. W. Dodds of Princeton University who has been with the institution since 1933. Chairman Linton stated that he was the youngest man to receive that honor in 105 years of that college's history. He was awarded his master of arts degree by Princeton in 1913 and returned in 1925 as a lecturer on politics after serving on the faculty of five other universities. Two years later he became professor of politics. He is an authority in the science of government and has had extensive practical experience. On numerous occasions Chairman Linton stated he has been called to Latin-American countries to act as technical adviser on electoral problems and it has been said of him that he is one of the best known North Americans in Central and South America.

Delayed Appearance

Chairman Linton reminded his hearers that it was a somewhat delayed appearance of Dr. Dodds on the program inasmuch as he was scheduled to appear four years ago, but at the last moment an urgent mission to Cuba and the modification of its electoral code intervened. Dr. Dodds has been an officer of the National Municipal League for a long time and is head of the School of Public & International Affairs at Princeton.

Dr. Dodds said that never has this country been so conscious of its youth as today. He regretted to add that never have young people been so self-conscious of themselves as today. The majority of the surveys and reports about the plight of youth, he said, have a very pessimistic note. The result has been to induce in a measure, he thinks, an unnecessary self pity on the part of youth and to increase young people's worry about their future beyond what it warrants. He said that the truth is that for boys and girls leaving college today the opportunity is not what it was for the older generation or what the present generation enjoyed up to the last 10 years. It is common knowledge that the number of young people not in school and not at work has increased. Unoccupied youth, he added, do not tend to develop the best type of citizens.

Effect of College Work

Dr. Dodds stated that probably college graduates have their sights too high. Those who have hired college people and then been confronted three months later by a memorandum completely revolutionizing the business may have doubts about the advantages of a college education. The fact is, Dr. Dodds said, that the pace of advancement and promotion in four years of college is much more rapid than in after life. It is the business of personnel officers, teachers and deans, he said, to bring this home to the senior going out in life and adjust him to it. The business of higher education, Dr. Dodds said, is not to train routine workers. That business is something else. What the undergraduates' experience should be he said, is a development of personality, initiative, imagination and adjustment, ability to work with others

and ability to drive on. He referred to some comment an employer made as to some college men in his concern when he said,

"For the first six months they make mistakes and for the first six months they have a swelled head, but the point about it is that they don't make the same mistakes twice."

Question as to the Mine Run

Dr. Dodds said it isn't the question of whether the opportunities for the exceptional person to win distinction and competence years ago are greater than they now are. It is a question as to the 95 percent who under any social order have never reached the top, but who have instincts for participation, for making their lives count for something—self-expression, self-realization, the philosophers call it.

The question Dr. Dodds asks is whether the present economy does satisfy the participation instinct in the rank and file. They should be placed in a position where they have a sense of participation and that instinct should be satisfied. He thinks that a great deal of the labor discontent which sometimes takes various forms is a struggle for participation. He said that if employers allow employees to be convinced that the door of opportunity is closed to them for amounting to something, contributing to something, as the individual Nazi, although he knows he is a cog in the machine, yet he sees that he is contributing to something, misguided though that may be, if that door of opportunity is closed to that individual, freedom becomes a matter of indifference.

Have Urge to Participate

President Dodds said that opportunity is not simply a question of room at the top for those who can qualify for the top. The question is as to the great majority who will never rise to the top and don't so much care about rising there. The idea is that they are self-respecting human beings and have this urge to participate. In addition to the participation of the man in his job, Dr. Dodds also referred to the man in his community. This instinct for neighborliness, for counting for something in one's community, among one's neighbors is valuable, but the metropolitan city does so much to defeat it. He believes that municipal officials and researchers have got to restore an urban society which will restore or play for this instinct of neighborliness.

Cracker Barrel Conversation

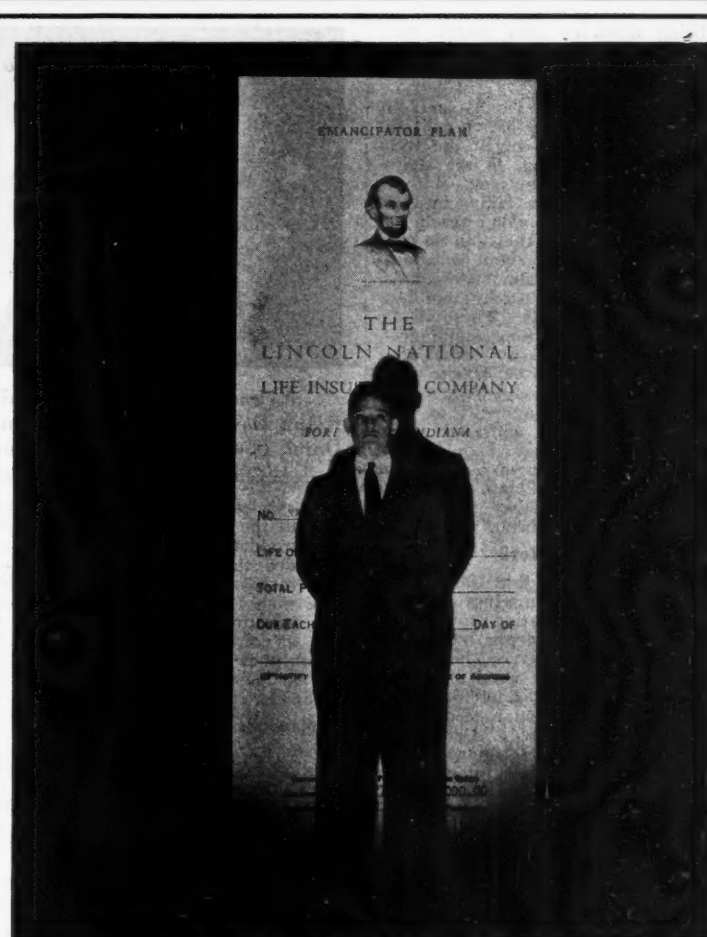
"You don't very often hear a man in New York say: 'Good morning, neighbor,'" said Dr. Dodds. He said that while the conversation around the old cracker barrel was usually inane and oftentimes silly, its absence has left a vacuum which modern society has not yet filled. So he concludes that man in respect to his job and man in respect to his neighborhood must find a restored sense of participation and individual worth because it is only that the man maintains a sense of individual worth that liberty amounts to a tinker's damn to him. Dr. Dodds said:

"We have got to encourage undergraduates to make successful careers for themselves in college in scholarly or extra-curricular activities to believe that in life they have a similar opportunity even if it does takes six months or a year to bring them back to earth afterwards."

Business Prosperity Needed

He said that the greatest single social reform that could be accomplished in this country in respect to youth is a prompt return to business prosperity. He doesn't place any social reform secondary to that, viz. to provide jobs into which this youth can move after college.

"We cannot educate young people for leisure," Dr. Dodds said. "You educate people for life, for work. There is no substitute for that and unless schools can look forward to their prod-



BULWARKED During His Business Life

This business man bought an Emancipator policy. In it he received:

1. The maximum protection per dollar of premium outlay.
2. Greater present protection.
3. Insurance coverage of his value to his business during his business life.
4. Adjustment options to meet changing needs and conditions.

In this modified Whole Life policy—LNL men offer a protection contract that is as modern as today.



THE LINCOLN
INSURANCE

NATIONAL LIFE
COMPANY

FORT WAYNE, IND.

ITS NAME INDICATES ITS CHARACTER

uct being absorbed into useful work which is the only way that a real man can realize an ambition, we can't educate them at all.

Speaking further Dr. Dodds said: "In my opinion, what the situation calls for is a change in not so much the technique in instruction, but in the sharpening of our aim and outlook. I think if we asked why we are failing in a degree, it is because we don't teach our subjects in a way that they can be used and I am not speaking about vocational use. We teach them about the fundamentals but we don't teach them how to use the fundamentals. These fundamentals remain in a non-communicating compartment of a man's mind after he has left college, to be drawn upon, of course oftentimes valuable when contributing to his enjoyment of life, through his greater appreciation of science or art or literature or history, but not sufficiently drawn upon in the general business of living. And the heart of an education that gets no exercise soon ceases to throb."

Making Democracy Work

Dr. Dodds declared that the colleges should rededicate themselves to their historic mission, educating young men to make democracy secure by helping make it work. Democracy, he said, is a means to an end, the good life. Failure to appreciate this simple fact is at the basis of a good portion of our present trouble, he declared. Democracy, he said, is not a static thing. When functioning properly it is moving toward something. He said:

"We often hear these days that capitalism has reached its maturity. It is not expanding and therefore is dying. That misses the point. The thing that should worry us is not that; the thing that should worry us is whether or not we are assuming democracy is mature, and therefore does not need our attention, we have arrived, we have done, it is a sale that we have made and we can forget about it."

Dr. Dodds said that the most alarming ills that threaten democracy are not its surface insufficiency or cumbersome methods. The charge of a debating society is not a fundamental charge. The basic question is whether people are using their organic unity as a people. Behind the mechanics of popular government, Dr. Dodds said, must stand the sustaining structure of a unified, agreed spiritual objective and a social program by which to obtain that objective.

FRIDAY MORNING

At the Friday morning session the first speaker was President F. W. Hubbell of the Equitable Life of Iowa, who presented the annual investment, research and policy review. Mr. Hubbell is a comparatively young man and has many interests outside of the company. Graduated from Harvard in 1913 where he specialized in insurance and actuarial science, he entered the financial department of the Equitable as assistant treasurer and became treasurer a year later. In 1940 he was made vice president and treasurer, a position which he held until made president in January of this year.

Chairman Linton called attention to the fact that Mr. Hubbell is an outstanding civic leader in Des Moines and is president of the Greater Des Moines Committee.

Breeder of Fine Cattle

One of his absorbing interests is his stock farm, the products of which Mr. Linton stated have won scores of ribbons in competition throughout the country. At the recent annual International Livestock Exhibition in Chicago Mr. Hubbell's cattle took many honors. In four different years he was exhibitor of grand champions and at the Chicago exhibition just the week before, his entries won six first prizes, several seconds and thirds. Mr. Hubbell is president of the American Shorthorn Breed-



As caught by Harry H. Fuller at convention of insurance commissioners at Edgewater Park, Miss.: Ralph Davis, Florida department; J. H. Talley, Florida deputy; W. V. Knott, Florida commissioner; P. J. Dunn, South Dakota commissioner; Frank Yetka, Minnesota commissioner.

ers Association. When Mr. Hubbell came to the rostrum he said that after the introduction the listeners no doubt concluded that he would be far more fitted to speak before a meeting of live stock men than a group of life insurance executives. He asserted that he tried to convince his own board of directors that he doesn't spend all his time on the farm, but allows a little for the office.

Outstanding Session of the Week

With no disparagement to the other features of the program, undoubtedly the Friday morning session was the highlight and the acme of the entire meeting. Aside from the two life insurance addresses, which were extremely interesting and important, it so happened that there were two men outside of insurance, both of whom are eminent in their special lines, who left an impression of great moment. They spoke ex cathedra. They were specialists in the very message that they brought. The first was J. Reuben Clark, Jr., of Salt Lake City, first counselor in the first presidency of the Mormon Church. The other was Rev. Dr. E. A. Walsh, vice-president Georgetown University at Washington and regent of its Foreign Service.

Mr. Clark's Eminence

Outside the ecclesiastical world Mr. Clark has a brilliant record in American diplomacy as Chairman Linton set it out. He has become an authority on international law. At the time the Kellogg pact was under consideration he prepared a "Memorandum on the Monroe Doctrine" which is 256 pages in length and is considered a very eminent study in its field. Mr. Clark graduated from the University of Utah, and then spent five years in the field of education. He took his law degree at Columbia and entered the United States Department of State in 1906. Two of his outstanding appointments, Chairman Linton said, were to the chairmanship of the committee representing the United States in the work of preparing for the then anticipated third Hague conference in 1912 and as counsel for the State Department at the conference on limitation of armaments in 1921. He became under-Secretary of State in 1928 and from 1930 to 1933 was ambassador to Mexico. Mr. Clark attended the seventh Pan-American Conference in 1933 as United States delegate and represented the country at Geneva on the committee for study of international loan contracts in 1936. He served as president of the Foreign Bondholders' Protective Council from 1934 to 1938 and is now chairman of its executive committee.

Read Telegram from President Grant

In view of Mr. Clark's wide experience in so many activities his public expressions were compelling and significant. Chairman Linton referred to him as a "master of statecraft and an eminent churchman."

Before proceeding with his set address, Mr. Clark read a telegram he had received from President H. J. Grant of

the Mormon Church which said in part: "As a small school boy working for 50 cents a day I worked 20 weeks and secured \$10 with which I insured my mother's home. Your grandfather thought I should have given the money to my mother and in case the house burned down, he would go around the ward and in two days get the money to build a better home. When he said this, I said, 'Yes, and I would be a little pauper. I can insure her home, but I could not build her one if it burned down.' Before I was 21 I tried to insure my life for \$5,000 with mother as beneficiary and was rejected because of my weight, 140 pounds. All my life from boyhood I have considered life insurance the greatest business for the benefit of mankind, teaching saving and making families independent in case of death."

In view of the fine points of Mr. Clark's address, it is published almost in full in another column.

ACTUARY H. H. JACKSON

It was no easy task for Actuary H. H. Jackson of the National Life of Vermont to appear after Mr. Clark spoke. Fortunately during this meeting the audience did not arise at the close of every speech, but it did at the close of Mr. Clark's address and also that of Dr. Walsh. All who listened to Mr. Clark realized that what he had said was of vast moment, not only to insurance but to all lines of business. Mr. Clark tore the lid off of fantasies and crack-pot schemes that are now in the air. However, Mr. Jackson performed his part well. He is a quaint whimsical speaker, and has a resourceful mind. He spoke deliberately and did his part well. The chairman mentioned the fact that Mr. Jackson had as his subject "Life Insurance, a Great Invention." He said that life insurance in hundreds of ways has performed miracles for those whom it has served. Chairman Linton stated that in the literature of life insurance Mr. Jackson's name is not a new one. He has an attractive style of writing. He joined the National Life in 1918 and in 11 years became its actuary. He said that he has contributed vigorously to the work of the American Institute of Actuaries and at its last annual meeting was elected vice-president. He is a fellow of the Actuarial Society of America and the Casualty Actuarial Society. He is a member of the executive council of the Home Office Life Underwriters Association. In 1932 he was awarded the E. E. Rhodes prize for the best paper on the subject "Actuarial Principles Underlying Mutual Life Insurance." After Mr. Jackson spoke Chairman Linton said: "I am sure Mr. Jackson can compute most complicated of premiums for survivorship or reversionary benefits, and I have also great confidence that he can figure out an asset share that would be a liberal education for the staff of the SEC."

Following Mr. Jackson came Father Walsh's address. He is regent of the

School of Foreign Service of Georgetown University which he organized 20 years ago. Following his studies of political science and commerce in Europe shortly after the World War, Father Walsh engaged in the administration of American relief in Russia in 1922 and was named by the Vatican as its representative to treat with the Soviet government regarding Catholic interests in Russia. Since that time Chairman Linton said his many activities abroad have included negotiation with the government with Iraq leading to the founding of Bagdad College; cooperation with Dwight Morrow in bringing about peace between the Catholic faith and the Mexican government and lecturing at the Academy of International Law at the Hague. He has been decorated by seven foreign governments. His books on international subjects include "The Fall of the Russian Empire," "The Last Stand—An Interpretation of the Soviet Five Year Plan" and "Ships and National Safety."

Extensive Traveler

The chairman stated that Father Walsh has traveled extensively in Europe, Mexico, the near east and the middle east. On a recent visit to Bagdad he visited the Arab tribes in the desert of Mesopotamia and Kurdistan. When not traveling abroad Father Walsh is active in the affairs of the National Trade Council and on committee work in connection with reciprocal trade treaties. He said that as a result of his eminent knowledge of Russian affairs he has delivered some 1,200 lectures on soviet Russia in this country. During the winter months he gives annually at Georgetown University a public lecture course on Russia which is widely attended by the public in Washington.

Father Walsh has a refined, scholarly countenance. He is a great humanitarian and his message was often poignant when he related some of his experiences on the other side.

FRIDAY AFTERNOON

At the Friday afternoon session, the last one, Ray D. Murphy, vice-president and actuary Equitable Society, and president of the Actuarial Society of America, dealt with a very practical subject, one which has been engrossing the minds of insurance men as well as the public: "The Sale of Annuities by Governments." Chairman Linton said that Mr. Murphy is a "top-flight actuary and a fine gentleman." He added that to look before leaping is a wise adage. Mr. Murphy graduated from Harvard, magna cum laude. His entire business life has been spent in life insurance and he has at his command experience gained through 30 years in both the actuarial and administrative sides of the business. He joined the Equitable as assistant actuary in 1913 and 17 years later, at the

age of 43, became vice-president. Mr. Murphy has been a fellow of the Actuarial Society of America since 1913. He served that organization as secretary, then as vice-president and was elected president in 1938. For many years he has been a member of the graduate committee appointed by the board of overseers of Harvard to keep in touch with the work of the university's division of mathematics. Mr. Murphy's paper was enlightening and its contents will be very valuable in combatting the sentiments that Senator Wagner of New York has started for governmental sale of annuities. Chairman Linton recommended that the listeners read Raymond Moley's article in "Newsweek" for Dec. 11, an informative article on the subject under discussion.

Arthur B. Wood

Chairman Linton said that the actuaries were having their innings at the Friday afternoon session and being an actuary himself, he said that the audience could not expect him to be downhearted at this situation. In fact, he said, the audience was very fortunate. The next speaker was Arthur B. Wood, president and managing director of the Sun Life of Montreal. He joined the Sun Life 46 years ago, becoming president in 1934. He is a fellow of the Institute of Actuaries of Great Britain, a past president of the Actuarial Society of America and the Canadian Life Officers Association. In 1936 he was appointed a member of the Royal Institute for the Advancement of Learning and a governor of McGill University from which he had been graduated as a gold medalist in mathematics.

Life Insurance in War Time

Chairman Linton called attention to the fact Mr. Wood's subject, "Life Insurance in War Time" was very timely and concerned one of the immediate problems of the life insurance world. He declared it is obvious that the outbreak of a war immediately creates a whole new set of problems for any company that has insured or will insure those lives that are likely to be in jeopardy. What these problems are, said Mr. Linton, and how they are being met is a matter of current interest to all. It is also one on which many erroneous impressions are likely to be gained. It is important therefore, in the mind of Mr. Linton, that the facts be known and that the situation in respect to life insurance be made clear. He said that Mr. Wood has an intimate knowledge of these problems and from experience gained through a long career as actuary and executive of a great company, he was the man to bring information that all are seeking. Mr. Wood presented a most scholarly and comprehensive paper on the subject. It will be read with great interest.

Governor J. W. Bricker

The last speaker of the meeting was Governor J. W. Bricker of Ohio, who has appeared before many audiences.

California Ruling on Commissions

SAN FRANCISCO—No life or disability insurance company may do business in California if it pays commissions on any of its business to any officer, medical examiner, any director or any corporation in which a director may have a financial interest, Attorney-general Warren holds in an opinion to Commissioner Caminetti.

The commissioner reported that while examining a foreign life company it was found that it was paying commissions to an outside corporation in which one of its directors was financially interested, although not necessarily on business written in California. The attorney general says the California law prohibits such payments of commissions, regardless of where the business is written, if the company wants to do business in the state.

He is an orator and his manner is most pleasing.

At the close of the session, Judge Elliott, chairman of the resolutions committee, presented his report.

Echoes from Corridors at the Waldorf-Astoria

Chairman M. A. Linton appointed on the committee on resolutions at the meeting of the Association of Life Insurance Presidents, B. K. Elliott, John Hancock Mutual, chairman; C. S. V. Branch, Sun Life of Canada; Allan Broms, Travelers; L. H. Cooke, New York Life; Harold W. Dawson, Mutual Life; R. E. Henley, Life of Virginia; C. P. Peterson, Bankers Life of Nebraska; E. E. Rhodes, Mutual Benefit Life; G. B. Young, National Life of Vermont.

The committee on nominations consisted of F. D. Russell, Security Mutual Life of New York, chairman; B. H. Walker, Life of Virginia; H. S. Wilson, Bankers Life of Nebraska.

There was a formidable battery of Sun Life of Canada officials present to flank President A. B. Wood of the company, who made a notable address at the last session. There were on hand C. S. V. Branch, vice-president; E. A. Macnutt, vice-president and treasurer; G. W. Bourke, actuary; J. E. Chandler, publicity officer.

There have been only two prelates who have made addresses from the rostrum of the Life Presidents Association. Rev. Dr. E. A. Walsh, vice-president Georgetown University, spoke this year. The other churchman was Canon Cody of the Cathedral of Toronto who spoke some years ago.

W. Marshall Bullitt, prominent attorney at Louisville, who often appears in life insurance litigation of note, came on to attend the meeting.

F. R. De Celles of Boston, former Massachusetts commissioner, greeted old friends.

George I. Cochran of Los Angeles, former president of Pacific Mutual Life, who never missed a Life Presidents meeting when he was in office, came back this year.

Manager V. P. Whitsitt of the Life Presidents Association has a definite check on each speaker in that he assigns some one to see that he is at hand when his name is called. There is never any doubt in his mind as to punctuality of the speakers in this way. Sometimes he has a double check, especially if there is any concern as to last minute engagements of prominent speakers.

Usually at these meetings prominent speakers are accompanied by some special ambassador who is personally acquainted with them. For instance, Dr. M. W. Wallace, principal of University College of the University of Toronto, was with Chairman Leighton McCarthy, Canada Life, A. N. Mitchell, president, Canada Life; S. C. McEvenue, general manager, Canada Life; President C. S. Macdonald, Confederation Life.

Accompanying President H. W. Dadds of Princeton University was Vice-president R. M. Green of Prudential, who substituted for President Franklin D'Olier. Mr. D'Olier is a trustee of Princeton as is President John R. Hardin of Mutual Benefit. These two attended the funeral of the president of the Fidelity Trust Company of Newark Thursday afternoon and could not be present at the Thursday afternoon session although President D'Olier did arrive at the eleventh hour.

Commission Neslen of Utah acted as bodyguard for J. R. Clark, Jr., first counsellor in the first presidency of the Mormon Church.

Vice-president W. S. Safford of Western & Southern Life sat by Rev. Dr. E. A. Walsh of Georgetown University.

Governor Bricker of Ohio was accompanied by President C. F. Williams of the Western & Southern Life and Insurance Superintendent John A. Lloyd.

President C. F. Williams, Vice-president W. C. Safford and Executive Vice-president C. M. Williams of Western & Southern Life and Insurance Superintendent Lloyd of Ohio stayed over until Saturday night and attended the annual meeting of the Ohio Society of New York where Governor Bricker was speaker.

There were numerous listeners in the front row of other days, who have gone beyond the hills, particularly Darwin P. Kingsley of New York Life; William Alexander, Equitable Society; William Broms, Travelers; Alfred Hurrell, Prudential; E. D. Duffield, Prudential. Isaac Miller Hamilton, Federal Life, is about the only one of the so-called "old guard" left. He always sits in front.

President Parkinson, Equitable Society; President Hardin, Mutual Benefit Life; Vice-President Rhodes, Mutual Benefit; Chairman T. A. Buckner of New York Life can always be found toward the front.

Insurance Commissioners noted at the convention were Pink of New York, Lloyd of Ohio, Earle of Oregon, Holmes of Montana and Sullivan of Washington.

Three of the speakers had attended the annual meeting of the National Insurance Commissioners Association at Edgewater Park, Miss.—F. F. Farrell, National Fraternal Congress; C. A. Craig,

National Life & Accident, who spoke for the American Life Convention, and C. J. Zimmerman president of the National Association of Life Underwriters. Mr. Zimmerman was one of the speakers at the commissioners meeting.

President A. P. Earle of Montreal Life, who represented the Canadian Life Officers Association, was the only speaker who did not use a manuscript.

Mott A. Brooks, who retired during the year as assistant secretary of the Life Presidents Association, attended the meeting and was cordially greeted by old friends. His successor, R. B. Crane, made his first appearance at an annual meeting and left an excellent impression.

The management of the Life President Association never fails to have a well ordered, smoothly running machine at these annual meetings. Every detail is carefully planned, every preparation made, every need anticipated. The staff is on hand stationed at various strategic points and if there are any slips in the proceedings they are not noticeable. It is a marvelously arranged event. There



THE GREATEST GIFT

It isn't found in Christmas stockings, nor on or under Christmas trees.

It is the profound love and spirit of sacrifice that prevails in a serene and well-ordered home.

Children are entitled to this great gift and to the protection that will preserve it to them at least until they are able to make their own way.

Remind your prospect of this truth.



The Prudential
Insurance Company of America
Home Office, NEWARK, N. J.

is no other organization that surpasses it in its handling of publicity.

Deputy Insurance Commissioner of New York **T. J. Cullen** mingled with the crowd part of the time.

President **F. W. Hubbell** of Equitable Life of Iowa, who presented the investment paper at this meeting, was elected on the executive committee of the Life Presidents Association. He took the place of H. S. Nollen, who has been made chairman of the board of his company. The other members were reelected.

Tampa Group Organizes to Oppose Social Security Act

TAMPA—Fearing that the proposed insurance features in social security legislation will be detrimental to the insurance business, the Tampa Life Underwriters Association has launched a membership drive to combat it.

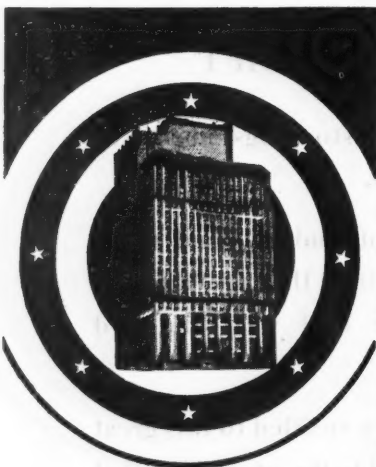
O. W. King, chairman membership committee, reported there has been a great deal of agitation toward adding a \$250 cash death benefit to the social security program. "We want to make a survey of the problem and go to the state convention in Miami on Jan. 15 with some solution to the problem," he declared.

G. P. Cannon, Tampa, was endorsed as candidate for president of the Florida association. The 1941 convention will be invited to Tampa.

Congressman Peterson, a special guest, said he could give no definite information on social security administration plans. He warned against foreign propaganda in the war crisis.

Hopper Is U. of M. Speaker

Henry Hopper, Maccabees, addressed the insurance actuarial course at the University of Michigan at Ann Arbor on "The Fundamental Principles Involved in the Selection of Risks." The talk was given under the auspices of the Michigan Actuarial Society.



**General Agency
OPPORTUNITIES
for good personal
producers**

**Central Life
INSURANCE COMPANY
of Illinois**
ALFRED MacARTHUR, PRESIDENT
211 WEST WACKER DRIVE, CHICAGO

Protest Against Federal Centralizing

(CONTINUED FROM PAGE 3)

bought in good faith in the Petrograd office of the New York Life asking what to do. This institution had been simply tossed in the gutter by a fiat of the soviet government and the people were told that their policies were worthless.

The speaker said that he knew that what happened to the New York Life and the decision of the court in New York with respect to these policies, a decision which, now that it is all over, he is convinced was thoroughly wrong, because the soviet government by exercise of that fiat of totalitarian authority, had confiscated the reserve which the New York Life had put aside in order to cover its commitments and contract in Russia. Therefore Father Walsh told these poor people that their collection of benefits was no longer from the dispossessed and confiscated insurance company, but from the soviet government which had gathered in that reserve. The moment free enterprise of that type passes into the hands of any partisan control, he said, the people can see what happened in Russia in 1922 and 1923 and since then.

Father Walsh commented freely on international relations and he finds the outlook is not encouraging. Peace and friendship, he said, have been torn to shreds by opportunistic and impassioned leaders of government temporarily in high places. The plighted word of treaties is now observed only as long as is necessary to build up adequate and new equipment for military invasion. He spent much time in Russia, Germany and other countries and hence had first hand information.

The situation which the world is facing is not a historical accident, he said. Nor is there any sudden cataclysm of nature, unrelated to previous events or not traceable to ascertainable causes. It is, he said, on the contrary the inescapable sequence of certain evil forces that were set in motion by the World War, forces that were early recognized and frequently designated as potential perils to the peace and very destiny of mankind in the warnings of many thoughtful men. He said that "as love begets love, hatred will always beget a reciprocated hatred."

Violent National Reaction

He said that fascism and national socialism resulted and became what they are, in the first analysis nothing but the natural and the violent national reaction from the rise against the violent international provocation from the left. The communist conspiracy was seized upon by Hitler and he so capitalized his counter-attack that he rode to power on the crest of that wave. At the beginning, Father Walsh stated that he believed Hitler was 50 percent right but that later he was 50 percent wrong. Father Walsh said that it seems to him as he looks at the blue-prints there is an opportunity for some courageous mind in Europe today. The triumph of European statesmanship at this moment would be some inspired formula which would permit the cessation of hostilities between Germany and the allies, and thus leave Hitler free to turn and face the Russian bear. It is the only power, in his opinion, on the continent of Europe, that can stop Russia.

Father Walsh gave a review of the achievements of Earl Browder, head of the communistic party of the United States, saying that for 20 years there has been a conspiracy against the United States government and it has been a matter of public knowledge. The American communist party, he said, has executed faithfully the program of an alien government. The speaker said that for 20 years every facility, legal, social and economic, from the rostrum of the states to dining in the White House, has been extended to communistic representatives in one form or another, of that conspiracy, from Mr. Litvinoff

down, especially on the occasion of the recognition of Russia. Father Walsh said that 10 years ago he published and put into book form this knowledge of the criminal conspiracy giving clear proof not only of the Third Internationale's camouflaged attack on American institutions, but Mr. Stalin's own direction.

He said that the United States has avoided a great social revolution only because of its enormous financial resources which were mobilized for the unprecedented emergency created by 13,000,000 unemployed people. He said that even though the same catastrophes that the country saw elsewhere were averted through that mobilization of financial resources, there is an end to that some place and if he reads the signs right, he thinks the country is very near to it. The national debt is nearing \$42,000,000,000. It is a race between the Treasury and disaster. The Treasury is slightly ahead at present.

Situation in Case of War

He said that if there is another war in which the United States is involved, people should know what will happen. The same thing will begin again and in order to pay for the new war, what about the old debts, he inquired. He said they will either disappear in a new legalized inflation, as there must be some form of repudiation or there will be a capital levy, or new burdens will be created for prosperity of a type that Germany went through in the days of its debacle. He said there are important lessons of humility learned from the past 10 years, viz: a deeper and newer appreciation of the responsibilities devolving on each member of the American democracy in this era of universal discontent, emotional confusion and political upheaval. Destiny, he said, has confronted this generation with a challenge that reaches to the very depths of social conscience.

Governor Bricker said that during the past 20 years he has witnessed a tremendous expansion of the powers of government. He has seen constitutional principles applied in new ways. He has seen old concepts of law and established right merged in what has been interpreted by the courts as the public interest. During recent years he said the expansion of government has proceeded along two entirely different lines of government authority, the federal to grant powers and the states to reserve powers. The first significant step of the federal government was the power given it to regulate interstate commerce in the program of the creation of the Interstate Commerce Commission.

Regulation of Insurance

In the early days of this development the insurance business was by legislation and judicial decision held to be charged with a public interest and thus subject to regulation. This new development in the law of the nation, he said, is in fact as old as civilization and came about in this country by the failure of the three divisions of government to meet the changing problems and the expanding and complex social relationships of the times. This development has violated no fundamental law. It is consistent with the representative system. In his judgment, government-ownership in competition with private business is not consistent. It is at least a violation of the spirit of constitutional government. Governor Bricker said he has never been able to understand how the government can hope to own and operate private business successfully and in the public interest if it cannot properly regulate such business in the public interest. He believes, however, that regulation can be made to work.

Money Withheld from Ohio

Governor Bricker said that with a vicious criticism of the governor's use of the department for political purposes the social security board in Washington withdrew the federal funds of Ohio to the extent of \$1,300,000 in October of last year. That governor was defeated in the primary and then later the practices complained of were either overlooked or corrected and payments re-

sumed the following month, but the money withheld has never been repaid to Ohio. Governor Bricker said that the money is owed to Ohio today and when Congress considered the bill appropriating the money to Ohio the federal bureaucracy announced its opposition on the ground that it would take away from that department the power to punish a state that did not comply with the program laid down in Washington.

Such an attitude, he said, is in violation of all the underlying foundation principles of the federal structure. He said the states must not be made into mere provinces.

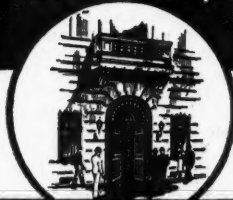
Policy is Capital Investment

"Every policyholder looks upon his policy as a capital investment. It represents savings. It is an expression of confidence and even in this depression, insurance has in most instances justified that confidence. It is based upon that fundamental human concept, an integral part of the capital system, that something must be saved out of today's income for tomorrow's need. That idea of saving has developed self-reliance and sturdy citizenship."

"All this has taken place under state regulation and supervision. This regulation has been necessary for the protection of the public. You recognize it as well as I do, but the job has been a constructive one. You know its development. You know the impact upon your business and I think that regulatory authority has been exercised for the welfare of the business as well as the public."

"The total insurance in force is 113 billion dollars. There are 64,000,000 policyholders in our country. There are 24 billion dollars of assets of life companies. That is a sacred trust. To a large degree, all this has been well managed and well regulated. These assets total more than one-half of our national debt. That debt represents the very

COMMONWEALTH LIFE
OFFERS A POLICY FOR
EVERY LIFE Contingency



**POLICIES ARE ISSUED
FROM BIRTH TO THE
AGE OF SEVENTY • •**

**Our unique Optional
Life and Endowment
Policy is so very flexible
that it actually
provides a complete
life insurance program.**

• Commonwealth Life's plan of Cordial Co-operation is enabling salesmen to build bigger incomes more quickly. For full information write to

WALTER S. SCHNEITER
Secretary of Agencies

Commonwealth Life
INSURANCE COMPANY
HOME OFFICE, LOUISVILLE, KY.

antithesis of life insurance. It represents spending without regard as to who will pay the bill. Is it too much to say that every dollar added to that national debt makes that much less the value of those assets or savings. That great debt can only be paid by inflation or taxes, either one of which must be taken out of earnings or savings of people.

Assets Carefully Guarded

"It is my judgment that the assets of insurance companies have been carefully guarded. I believe the policyholders are determined that those reserves shall not become the experimental fund for dreamy economic planners and that they must not be involved in a government deficit financing program, leading both to further government spending and the financial instability of that fund. In Ohio we are fully cognizant of our great stake in the insurance industry. Our people, through their legislature, have over a period of more than 70 years been carefully guarding this business in the interest of the public and in safeguarding company management and agency operation. We have many fine companies domiciled in Ohio, and we point with pride to the over-all record of insurance as an Ohio institution. There are 950 companies doing business in our state. In 1938, five companies doing business in Ohio insured \$8,781,000 of Ohio property and in the same year life companies wrote \$961,500,000 on Ohio lives to bring the total of life insurance carried by Ohioans to \$7,114,000,000.

State Insurance Department

"The insurance department has a very important function to perform in our state government. Partisan political favors or punishments have no part in this function of government. Life insurance is an integral part of the American way of life. It is an expression of faith in the future of our government. Every policyholder has an investment in the future of America. They will never tear down the government that means so much to their loved ones and every life insurance agent that convinces a father of his need to protect his family or of a young couple to lay aside something for tomorrow makes better citizens of them.

Efficiency of State Governments

"A second great defense against the destruction of our institutions of government lies in the preservation of the federal structure. The state governments of this country are the surest defense against dictatorship. Forty-eight states well-governed, self-governed, dealing with the every day needs of people, their officials well-known, are the safest guarantee of freedom and the cherished American traditions. They can never be molded into a corporate state or a socialistic society. They are the foundation stones of America. Many years have I spent in public service. I have witnessed this expansion of power. I have seen a growing government at Washington. I detect a threat to local government, but through all this transition, insurance has kept a steady pace of growth and a continuing growth of service to people. For fidelity to trust in a trying time, I salute you, the representatives of a great business."

Southern Round Table of 'Ad' Men to Meet in New Orleans

The Southern Round Table of the Life Advertisers Association will hold its 1940 annual meeting in New Orleans on April 11-12, according to John M. Ehle, Imperial Life of North Carolina, chairman.

The executive committee members of the National association, headed by Karl Ljung, Jr., Jefferson Standard Life, president, will hold an executive committee meeting one day prior to the round table convention, which they will attend.

Other officers in charge of the round table meeting are J. Bruce Trotter, Pan-American Life, vice-chairman, and William Sexton, Great Southern Life, secretary.

TNEC Hearings Are Resumed

(CONTINUED FROM PAGE 3)

"Very likely not," the witness replied. "You felt your services entitled to some compensation?"

"Absolutely."

Mr. Woods denied that he could have blocked the reinsurance deal without the consent of the other directors but admitted that two of the three other directors were with him—Dr. J. R. Ebersole, vice-president and medical director, and the late R. M. Work—both received compensation from Mr. Martin. Mr. Woods said, though he didn't know how much.

Causes Ribald Laughter

"You gentlemen had this thing right by the --- throat, did you not?" Gesell asked, causing ribald laughter by his momentary pause in selecting the appropriate word.

Mr. Woods said that several years before the reinsurance deal he had received an offer of \$750,000 for control of the assessment company from a New Yorker whose name he couldn't remember, but that he had rejected the proposal at once and without mentioning it to any of the other directors.

Asked if he had been in sympathy with the Illinois Bankers Life's procedure after the reinsurance went through, he said he was, in general though he opposed the commissions that were paid on the rewriting of business.

Mr. Martin cleared up some items on which Mr. Woods was not clear, particularly the amounts paid the two other directors. Mr. Martin paid \$100,000 to Dr. Ebersole, he said, and \$75,000 to Mr. Work, receiving from the latter a piece of property of undetermined worth but which Mr. Work valued at around \$40,000.

Details of Bank Loan

Mr. Martin also revealed that the Boulevard Bridge Bank had lent him and his associate, William Matthews, \$150,000 on the security of the entire 1,000 shares of the proposed new company's \$100, par value stock. He insisted no other security had been pledged with the bank.

Gesell asked him about a \$50,000 certificate of deposit of the new company. Mr. Martin denied that this had been pledged as collateral but that it had

merely been "left with" the bank at its request as assurance that the certificate would not be cashed. Gesell's point was that if the certificate of deposit were actually collateral, the company must have been giving the appearance of a \$50,000 surplus which it did not have. Mr. Martin said the bank did not consider it as collateral and on the note that was signed the certificate was not included as collateral.

Much of the afternoon session dealt with a loan of \$200,000 which the new company made Jan. 15, 1930 to Lincoln Securities Company—the same date on which Lincoln Securities lent \$200,000 on a collateral note to Mr. Martin, who testified that the money he received went to repay a personal loan from J. W. Stevens, head of Lincoln Securities, this loan having been made to obtain money toward the payment of the sums to Mr. Woods, Dr. Ebersole and Mr. Work previously referred to.

It was brought out that in order to get money with which to make the \$200,000 loan to Lincoln Securities, Illinois Bankers Life early in 1930 got the Illinois department's permission to withdraw securities with the department and substitute a like amount of securities which Lincoln Securities gave as collateral for the \$200,000 loan. These securities were common and preferred LaSalle Hotel Company stock, which was later augmented by several mortgages, most of them on property owned by Mr. Martin or his close relatives.

Shortly afterward the insurance company lent \$50,000 additional to Lincoln Securities. None of the total \$250,000 loan had been repaid by the time Lincoln Securities went into liquidation in 1935. The insurance company then paid some \$46,000 to get clear title to the security which had been pledged for the loan, the total loss being \$296,000, less the value of the pledged properties.

Gesell attempted to show that the policyholders were paying for all this, but Mr. Martin denied it, saying the losses had come out of surplus, the only losers being the stockholders. It was made clear that the reserves had never been impaired.

Mr. Martin said he was formerly general counsel of Illinois Life.

M. D. Dugger, Jr., Houston, Tex., won the grand award as the leading producer in the campaign to honor President C. E. Becker of the Great American Life of San Antonio. The award is a Guatemala cruise.

Prudential Choral Group to Broadcast Over Radio

NEWARK—The Prudential's home office male choral society will be heard over the radio for the first time in its 26 years of activity on Dec. 22, at 12:20 p. m. The group is composed of 125 members of the home office staff and includes messenger boys and junior clerks, as well as department heads and executives. It was organized for the sole purpose of singing carols on the last working day preceding Christmas each year.

Friday's program will supplement the Prudential's regular radio presentation of "When a Girl Marries," heard each day from Monday through Friday over the Columbia coast-to-coast network. In addition to singing over the radio, the carollers will visit various departments and corridors of the home office group of buildings.

Frederic H. Yeomans, a Prudential supervisor and one of the prominent church organists of northern New Jersey, will conduct the chorus, among whose members will be several soloists who have won recognition in church and concert singing.

Departmental Sessions in Neb.

Members of the Insurance Institute of Nebraska at the December meeting in Lincoln were divided into groups for discussion of their various specialties. G. B. Rule, United Benefit Life, served as chairman of the conservation, renewal and policy loan groups. R. L. Hughes, Guarantee Mutual Life, was chairman of the punch card group. E. F. Estes, Bankers Life of Nebraska, served as chairman of the actuarial, accounting and statistical groups. J. E. Pickard, Guarantee Mutual, was chairman of the investment group; Harry J. Simons, Bankers Life of Nebraska, underwriting and policy issue, and H. R. Hutchinson, American Reserve Life, chairman of the executive group.

Rudolph Recht, New York City general agent of the Northwestern Mutual Life and long one of its star business producers, was honor guest of his office associates at a luncheon Wednesday in appreciation of his 40 years connection with the agency.

Get a new Social Security Slide Rule. \$1 from National Underwriter.

A N O T H E R M I L E S T O N E



*In September,
the Phoenix Mutual
completed its 88th year
of service to policyholders*

PHOENIX MUTUAL LIFE INSURANCE COMPANY of Hartford, Connecticut

Organized 1851

EDITORIAL COMMENT

Yes, We Believe in Santa Claus

ONE of the most delightful and choicest memories of childhood centers about SANTA CLAUS. Here is a character about whom stories and songs have brought happiness and satisfaction to both children and grownups. SANTA CLAUS is always an unchanging creature. Through the troubled shifting years, he remains the embodiment of charity, merriment, mirth, amiability, cordiality, quiet giving, generosity, good will. He is the host at the Festival of Friendship. He is the acknowledged Prince of Good Fellows. Where he stops, he gives, he adds to household happiness. He is the exponent of laughter and jocundity. He reigns in the House of Sunshine.

There is ever a merry twinkle in his eye, a joyful tune in his voice, a lightness in his step, a buoyancy in his heart, as he carries his message of love, good will and geniality.

We all find ourselves in a more liberal frame of mind, less selfish, more sympathetic, more generous in our observations, fonder of our kindred and friends, after SANTA CLAUS' annual visit. He brings the message of peace to mankind. His ways are benevolent. He loves all people and desires that affection to become infectious. He gathers light to

scatter its friendly beams. His cheery word and welcome smile become a benediction to mankind.

We are more closely attached to our circle of comrades when SANTA CLAUS rings his bells. Our hearts reach out in hospitality. We help those less favored. We speak an encouraging word. We remember with increasing warmth of fraternity those who have reached the Higher Light.

At this particular time, may the SANTA CLAUS spirit of brotherhood prevail. In these battle-scarred days we need his tranquil voice, his word of uplift, friendliness and regard for all peoples.

No character can supplant old SANTA CLAUS. He lives in the hearts of men and they crown him as one who truly loves his fellows.

So, at this blessed time with its fragrant memories, pleasant hours, happy associations, fervent hand clasps and hearty felicitations, we of THE NATIONAL UNDERWRITER household wherever we are rejoice with our friends, pledge renewed allegiance to SANTA CLAUS and express the hope that this time of good cheer and good fellowship may mellow our hearts and make all of us a united host for peace and harmony.

SEC Tactics Give Ground for Fears

APPARENTLY the SECURITIES & EXCHANGE COMMISSION considers that the insurance business is unduly worked up about the specter of federal control but no better ground for insurance men's fears need be cited than the methods used by the SEC in getting the material on which it based its investigation of life companies. To be more specific, the SEC's request that its investigators be allowed to go through the home office files, a request to which a number of companies courteously acceded, was just the sort of assumption of power and authority that makes insurance men concerned over the prospect of federal control, however remote the possibility may be.

Particularly in view of the type of inquisition it was planning to put on, it was certainly poor sportsmanship on the SEC's part, under cover of benign professions, to request the cooperation of companies to the extent of going through home office files. If a guest in your home were to ask to see your personal papers in order to help him write a book on AMERICAN manners and customs, and then were to go out and use the

information so obtained to discredit you through a distorted portrayal, your feelings would be far from kindly.

Furthermore, if the said guest represented a powerful governmental agency which was in a position to put forth very effective and damaging publicity if you refused him access to your files, you would have a right to feel not only that your hospitality had been outraged but that you were the victim of a subtle but none the less effective form of oppression.

In such a case, how would you respond to the idea, however remote at the moment, of that agency's having not only the powers it had been given and had arrogated to itself but also positive control by statute?

A subpoena duces tecum, under which witnesses may be called before a court or congressional committee, has definite limitations. It means that if you are summoned you must come before the tribunal and bring your books and papers, or such of them as are requested. These books and papers may be examined during the trial but at no other time. A subpoena duces tecum confers

no right to go to a witness' office and rummage through his files in the hope of turning up something or other. It does not even include the right to request copies of specified papers in advance of a trial or hearing.

When SEC investigators went to METROPOLITAN LIFE and asked to see the personal files of Chairman F. H. ECKER and President L. A. LINCOLN they were going far beyond their legal powers. Knowing there was nothing to hide, and as yet unaware of the type of investigation that was going to be put on, the METROPOLITAN officials let the investigators get away with it.

Any company approached by SEC investigators has a perfect right to decline to permit them to go through any files or have any material whatever. However, such conduct could be readily made to appear as if there were something to hide. For merely standing on its civil rights, a company could be stigmatized as taking a "public be damned" attitude.

Possibly it is unfair to assume that the SEC would make use of any such publicity club. Perhaps it might even have greater respect for a company which insisted on its rights and disregarded possibilities of harmful publicity. But did the SEC, in requesting the privilege of going through the home office files or in asking for specific papers, make it clear that the company was under no obligation to cooperate and that refusal would bring no damaging publicity retaliation or prejudice the

company's position in any way? If so, such reassurances have not come to light.

The insurance business was one of the first to learn that in the best interests of everybody there must be regulation. Thus, there is no quarrel about regulation as such. The question is solely one of the kind of regulation. The tendency of centralized control at Washington is to demand more and more power, particularly in the non-civil service business like the SEC. Civil service workers are usually extremely careful to follow the letter of the law lest they endanger their civil service standing by a misstep. The tendency of those having considerable discretionary power, such as the SEC, is to seek or assume wider and wider powers, contending that the existing method of regulation is inadequate.

While it may be true that no one connected with the TEMPORARY NATIONAL ECONOMIC COMMITTEE or with the SEC insurance study has any present plan for bringing about federal control of insurance or governmental competition with insurance companies, the prospect of having to deal with an agency such as the SEC or any bureau similarly willing to exceed its legal powers if it can get away with it is disquieting enough so that even a remote possibility of its materializing is sufficient ground for real concern on the part of those interested in the progress of the insurance business.

Desire Neighbor Supervision

THOSE who listened to the papers presented at the annual meeting of the ASSOCIATION OF LIFE INSURANCE PRESIDENTS could not but be profoundly impressed with the thoughts expressed, especially by those outside of insurance, as to the danger that would confront the people if federal supervision or control is furthered at Washington. As J. REUBEN CLARK, JR., Salt Lake City, eminent attorney, statesman and ecclesiastic, said in part: "We as policyholders believe firmly in neighbor supervision as contrasted with long distance control over our insurance."

It was generally believed and many a speaker stated the belief, that the state insurance commissioners have an immediate knowledge of the people of their states and their insurance needs and that they therefore are in a far better position to administer and supervise insurance activities than a central bureau at Washington firmly imbued with bureaucratic principles. It was pointed out that the great danger in centralized supervision under one bureau and therefore under one commanding head would be the constant grab for further power leading eventually to federal control

of all credit resources and dictation to all insurance companies as to their investment portfolios.

Speakers further pointed out that the present TNEC investigation of life insurance is obscured in a mist. There has no one come out definitely and given in plain English just what the objects of this investigation are. Therefore, the insurance industry itself and the people are in doubt as to what it all means.

PERSONALS

W. H. Harrison, formerly vice-president of the Atlantic Life and now supervisor of the Atlantic Agency of that company in Richmond, was taken ill in his office last week and it was feared for a time that he had suffered a stroke. He was taken home, where he is still confined, although his condition is reported improved.

F. W. Simpson, Detroit manager Dominion Life, entertained 50 agents and office associates and their wives at a reception and dinner in honor of Moe Leiter who led the company's entire agency force in 1939 production and as

THE NATIONAL UNDERWRITER

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Telephone Wabash 2704

EDITORIAL DEPT.: C. M. Cartwright, Managing Editor. Levering Cartwright, Assistant Managing Editor. News Editors: F. A. Post, C. D. Spencer. Associate Editors: D. R. Schilling, J. C. O'Connor, H. E. Green, Jr.

BUSINESS DEPT.: John F. Wohlgenuth, President and Secretary. Roeding, O. E. Schwartz.

CINCINNATI OFFICE—420 E. Fourth St. Tel. Parkway 2140. L. H. Martin, Abner Thorp, Jr., and C. C. Crocker, Vice-Presidents.

NEW YORK OFFICE—123 William St., Tel. Beekman 3-3553. Editorial Dept.—G. A. Watson and R. B. Mitchell, Associate Editors. Business Dept.—N. V. Paul, Vice-Pres.; J. T. Curtin and E. H. Fredrikson, Resident Managers.

ATLANTA, GA., OFFICE—560 Trust Company of Georgia Bldg. Tel. Walnut 5367. W. M. Christensen, Resident Manager.

CANADIAN BRANCH—Toronto, Ont., 370 Woburn Ave., Tel. Mayfair 4761. W. H. Cannon, Manager.

DALLAS OFFICE—811 Wilson Bldg., Tel. 2-4955. Fred B. Humphrey, Resident Manager.

DES MOINES OFFICE—2325 Grand Ave., Tel. 4-2498. R. J. Chapman, Resident Manager.

DETROIT OFFICE—1015 Transportation Bldg., Tel. Randolph 3994. A. J. Edwards, Resident Manager.

BOSTON OFFICE—Room 522, 25 Huntington Ave., Telephone KENmore 5237. R. E. Richman, Vice-President.

LIFE INSURANCE EDITION
PUBLISHED EVERY FRIDAY

PHILADELPHIA OFFICE—1127-123 S. Broad Street. Telephone Pennypacker 3706. W. J. Smyth, Resident Manager.

SAN FRANCISCO OFFICE—507-S-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

Subscription Price \$3.00 a year in United States and Canada. Single Copies, 15 cents. In Combination with The National Underwriter Fire and Casualty, \$5.50 a year. Entered as Second-class Matter June 9, 1900, at Post Office at Chicago, Ill., Under Act, March 3, 1879.

a result is president of the Gold Section of the Hilliard Club, honor organization. He has been the largest producer of the company in Michigan continuously since 1935. Thirty speakers paid tribute to the honor guest, including J. E. Burke, agency supervisor; agents, legal and medical representatives and friends. T. S. Malone, Hilliard Club vice-president for Michigan, spoke and also entertained with magic.

Roger Pennock, with the Louis F. Paret agency of the Provident Mutual Life in Camden, N. J., led all representatives of the company in November in paid-for business and premiums.

E. J. Dore, "millionaire" producer of the Mutual Benefit in Detroit, has moved his offices from the Johnston & Clark agency to new quarters at 3134 Union Guardian Building. Mr. Dore paid for \$300,000 in November, bringing his total for the year to more than \$1,500,000.

H. Clay Johnson, vice-president of the Interstate Life & Accident, has been elected a director of the Chattanooga chamber of commerce.

Joe C. Caperton, Chicago general agent of State Mutual Life, is spending the holidays in Los Angeles with his daughter and son-in-law and is getting acquainted with a month-old grandchild in that household.

W. L. Gottschall, director of agencies Equitable Society, Chicago, in charge of the western division, went to New York this week to confer with home office officials on plans and arrangements for the Equitable's new agency headquarters building in Chicago, which is being reconstructed on La Salle street on the frame of the old National Life of U.S.A. building. Demolition of stone work and trim is progressing at the rate of a floor daily, with three shifts of workers taking advantage of the favorable weather in December so far. Seven top floors have been stripped to the steel frame. Actual work of rebuilding will be started soon, with occupancy promised in

March. At that time, Equitable's nine Chicago agencies, the group, examining and cashier's divisions will move into the lower seven floors.

M. Albert Linton, president Provident Mutual Life, observed his 30th anniversary with that company Nov. 20. He is only the third Provident Mutual president in the 75 years of its history. Mr. Linton, who was just elected at New York as the new chairman of the Institute of Life Insurance, is internationally famous as an actuary, having had a most comprehensive training for his profession. He was graduated from Haverford College, then went to Zurich, Switzerland, where he studied mathematics and actuarial science. Later he returned and completed these studies in the fine actuarial school at the University of Michigan.

C. C. Neslen, Utah commissioner and president National Association of Insurance Commissioners, and Mrs. Neslen, stopped off at Chicago on their way back home from their long trip that took in the Edgewater Park, Miss., meeting of the commissioners association and the Life Presidents Association annual meeting at New York. While in Chicago they visited Foster F. Farrell, executive secretary-manager National Fraternal Congress, and Mrs. Farrell, who had attended both the Edgewater Park and New York meetings.

DEATHS

B. F. Carroll, 79, former state auditor and ex-officio insurance commissioner of Iowa, who later became governor of that state, died in Louisville where he had been visiting his son.

Alexander Dumas, one of the star producers of the New York Life, died in the Mount Vernon, N. Y., hospital at the age of 49 years. He started as office boy with the company 30 years ago, became a cashier and later an agent. He was successful, being elected president of the

Top Club in 1933, having been vice-president. He was a member of the \$300,000 Club 17 times, the \$100,000 Club once, and had been vice-president of the \$400,000 Club. In nine months he insured 265 persons for an aggregate of over \$3,000,000.

C. C. Crumbaker, 47, a leading producer for the Northwestern Mutual Life at Indianapolis for 10 years, died there after a brief illness. He was a C. L. U. and had been especially active in local association work. Eber Spence, Provident Mutual Life, president Indianapolis Association of Life Underwriters, paid high tribute to Mr. Crumbaker at its meeting.

INDUSTRIAL

Territorial Setup Is Revamped

Two veteran territorial managers of National Life & Accident are retiring. They are W. H. Julian, western territory, and George D. Wright, northern. Mr. Julian has been with National Life & Accident since its beginning and has filled every position from agent to territorial manager. Mr. Wright is in his 30th year of service and he has gone up through the ranks.

G. C. Lynch, who has been manager of the southern territory, succeeds Mr. Julian in the western field. Mr. Lynch is succeeded in southern territory by Charles A. Luker, who has been supervisor in that territory.

The northern territory is now divided into two districts, one to be known as the northern under Fred Koehler and the other the eastern under J. H. Brakebill, both of whom have been outstanding managers.

Samuel Peterfreund Honored

More than 400 guests and associates of Samuel Peterfreund, manager of the Essex district of the Metropolitan Life in Newark, attended a testimonial dinner in recognition of his 28 years of service with the company. He was presented a bronze plaque. Mrs. Peterfreund received a bouquet of roses.

Speakers included E. H. Wilkes, vice-president, and A. W. Tretheway, third vice-president; United States Senator Barbour and Commissioner Reilly of New Jersey.

F. N. Wilkerson, new manager of the Gate City Life in Winston-Salem, N. C., was honored at a dinner there. W. J. Freeman, home office inspector, spoke on the relationship of the agent's work to the company.

Grady Fort, Des Moines agency manager of Equitable Life of Iowa, is in the hospital for a minor operation. He expects to resume his duties shortly.

STOCKS

H. W. Cornelius of Bacon, Whipple & Co., 135 South La Salle street, Chicago, gave the following stock quotations for life companies as of Dec. 19, 1939:

	Par	Div.*	Bid	Asked
Aetna Life	10	1.35*	30	32
Central, Ill.	10	...	9	11
Cent. States Life	5	...	1 1/2	2 1/4
Colum. Natl. L.	100	...	68	72
Conn. Genl.	10	.88	28	30
Contl. Assurance	10	2.00	38 1/2	40 1/2
Federal Life	10	...	4 1/2	5 1/4
Great Southn. L.	10	1.30	19	21
Kan. City Life	100	16.00	350	400
Life & Cas.	3	.50	11 1/2	13
Lincoln Natl.	10	1.20	30	32
No. Amer. Life	2	...	2 1/2	3
N. W. Nat. Life	5	.30	11	13
Ohio Natl. Life	10	1.25	23	25
Old Line Life	10	.60	10	11
Sun Life, Can.	100	15.00	280	315
Travelers	100	16.00	440	460
Union Cent. Life	20	1.20	20	25
Wis. National	10	1.00	16	18



EDGEWATER BEACH HOTEL

On Lake Michigan

5300 BLOCK—SHERIDAN ROAD

CHICAGO

Chosen by more than 100 Insurance Organizations as their meeting place—many returning again and again . . . A true "Mecca" for the Insurance Fraternity . . . Meet your friends and associates here.

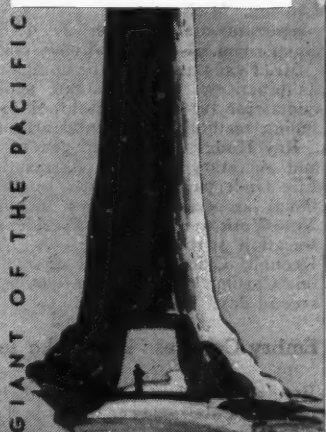
W. M. DEWEY, Managing Director.



OUR
5-WAY
PLAN

INSURES AGAINST

1. SICKNESS
2. ACCIDENT
3. ACCIDENTAL LOSS
of SIGHT or LIMB
4. OLD AGE
5. DEATH



PACIFIC
MUTUAL
LIFE

INSURANCE COMPANY

Home Office: Los Angeles, Calif.

LIFE SALES MEETINGS

Northwestern Mutual's N. Y. Meeting to Draw Big Crowd

Wide interest is being shown by agents of the Northwestern Mutual Life in the New England, middle and south Atlantic states in the regional meeting at the Waldorf-Astoria in New York City Jan. 4-5. The silver anniversary gathering is expected to draw between 700 and 800 producers of the 29 general agencies in that territory.

Of special interest will be the addresses of President M. J. Cleary, Edmund Fitzgerald, vice-president, and Grant L. Hill, director of agencies. They will bring to this gathering the first reports of the past year's results and the inspiration and sales information to enable the field force to set their course for 1940.

Among the program features and dramatized portrayals will be a quiz contest between picked teams of prominent producers the first afternoon, "How Well Do You Know Your Northwestern?" Master of ceremonies will be Jack Stapleton, Brooklyn. The metropolitan agents, designated as the New York Giants, will include E. H. Earley, Brooklyn; H. L. Barnett and W. F. McMartin, New York City, and Robert Sheldrick, Newark. The Eastern All-Stars will be composed of A. H. Jackman, Washington, D. C.; Solomon Smith, Boston; F. W. McCormack, Philadelphia, and J. K. Lovett, Wheeling, W. Va.

Russell L. Law, Baltimore, is general chairman of the program committee, and A. J. Johannsen, Brooklyn, is arrangements chairman. L. J. Evans, assistant director of agencies, is cooperating with the committee.

Ohio National Regional Is Conducted in Chicago

A number of Ohio National Life officials, headed by John H. Evans, vice-president, were on the program at the mid-western regional meeting held in Chicago. It was attended by general agents and agents from a wide territory.

Besides Mr. Evans, Grant Westgate, assistant superintendent of agencies, was on from the home office. N. E. Glassbrook, mid-western regional manager, Lansing, Mich., was in charge of arrangements and presided. W. C. Evans, his assistant, also attended and spoke.

Mr. Evans discussed the company and its practices. Mr. Westgate spoke on quotas for 1940. Mr. Glassbrook took up selling methods and mental attitude.

Ray Hodges, Cincinnati general agent and secretary National Association of Life Underwriters, reported on the National association trustees meeting in New York and the Life Presidents Association gathering there. A. E. McKeough, Chicago general agent, spoke on "Closing." A luncheon was held the second day.

Embry Congress in Topeka Jan. 6

The A. M. Embry agency of the Equitable Society in Kansas City will hold a one-day sales congress in Topeka, Kan., Jan. 6 for 150 agents from western Missouri and Kansas. With Mr. Embry presiding, the congress will be devoted to a discussion of life sales fundamentals—prospecting, approach, close, etc. Participating in the sessions will be three "alumni" of the agency: Warren V. Woody, Chicago manager; G. J. Woodward, Cincinnati manager, and Homer Jamison, Oklahoma manager.

E. P. Oertel, assistant vice-president Great Northern, addressed a meeting of 27 agents in the territory of Supervisor Carl Songer in western Indiana, at a dinner in Lafayette. Agents attended from Greencastle, Kokomo, Peru, Crawfordsville, Covington and Veedersburg.

Great Southern Managers Hold Annual Conference

Seventeen agency managers in charge of Great Southern field activities held their annual two-day conference at Houston with F. D. Albritton, general sales director, and other officers. Mr. Albritton said that the average size of submitted applications and the percentage of delivered and paid-for cases showed sharp increases, and that the company experienced the highest renewal record in its history.

It was agreed that the recruiting of new men would be confined to a limited group who could qualify.

President E. P. Greenwood introduced S. R. Hay, Jr., who returns to the home office agency department.

J. C. Cameron, vice-president and actuary, announced a new policy contract, paid-up life at age 65. This carries premiums appreciably lower at the younger ages than the usual limited pay

plans, but permits the insured to complete his insurance estate at age 65, which has become popularly accepted as the age of retirement.

Switches to White Sulphur

CINCINNATI — The Greenbrier, White Sulphur Springs, W. Va., has been selected as the headquarters for the Ohio National Life's "Builders Club" convention in August, 1940, conditions abroad having made it inadvisable to hold the meeting in Bermuda.

The New York Life will hold its annual agency directors conference in St. Petersburg, Fla., the week starting Jan. 8.

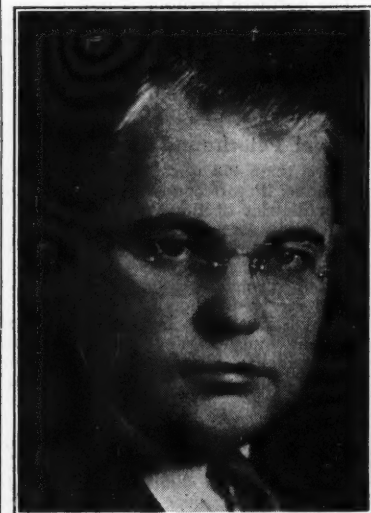
Management Proceedings Issued

Printed proceedings of the 1939 annual conference of the Life Office Management Association are now being distributed to members. The proceedings contain over 300 pages and are in bound form. F. L. Rowland, executive secretary, is located at 110 East 42nd street, New York.

LIFE AGENCY CHANGES

Prominent Life Man Takes Up Hospitalization Work

CINCINNATI—L. D. Fowler, Cincinnati general agent of Connecticut Mutual, has resigned to become executive vice-president in charge of operations of the Hospital Care Corporation, a hospital



L. D. FOWLER

association organized by prominent citizens and local hospitals. Mr. Fowler has previously served as Bethesda hospital representative and treasurer of the hospital association, resigning from both positions to accept his new post.

Mr. Fowler is a past president of the Cincinnati Life Underwriters Association and Associated Life General Agents & Managers of Cincinnati. He was appointed general agent for Connecticut Mutual in Cincinnati in 1931, prior to which he had served in the same capacity at Ft. Wayne, Ind., since 1926. He joined the company as an agent in Iowa in 1922, and was appointed assistant manager at Des Moines two years later.

The hospital association is sponsored by Cincinnati, Hamilton, Middletown and Dayton hospitals.

Falcone to Bankers National

C. J. Falcone has been appointed Philadelphia general agent of Bankers National Life with headquarters at 127 South Fifth street. He has been in the business for six years and formerly was superintendent of the Philadelphia dis-

trict office of Home Life. He is a native of Philadelphia and a graduate of the Wharton School of Finance. In addition to building the agency he will devote considerable time to personal production.

Makes Ohio Appointments

C. S. Routt, formerly director of agencies of General Mutual Life, who recently returned to his old position as assistant agency director of American United Life, has made a number of appointments recently in Ohio. Edward F. Uhl of Greenfield, O., has been appointed general agent for six counties. He has been associated with his brother, C. M. Uhl, in the general insurance business. E. J. Mackenbach, who conducts a general insurance agency in St. Mary's, is appointed general agent.

J. L. Vondenhuevel of Botkins becomes district manager with headquarters at Sidney. C. D. Rice, who was recently elected mayor of Celina and is a general insurance agent there, becomes district agent. Wesley Miller, a former bank cashier who operates a general insurance agency at McClure, is appointed district agent.

Caleb York Is Toledo Manager

Caleb L. York, for 16 years with the Indianapolis office of the Equitable Society and supervisor of agents for the past six years, has been appointed manager in Toledo, succeeding Oscar B. Haller, who is resigning Jan. 1, due to ill health. Prior to his work as agency supervisor of the Indianapolis office, Mr. York headed group production for that agency. The Toledo office supervises about 15 counties in northwestern Ohio.

Old Line Life Names Murphy

The Old Line Life, Milwaukee, has appointed George F. Murphy of Racine, Wis., general agent for Racine and Kenosha counties. He formerly was vice-president of the Fagan, Newell, McQueen Co. agency.

F. H. Perry, Jr., with Mutual Life

Fred H. Perry, Jr., Oneonta, N. Y., well known as a local agent there, has been appointed supervisory assistant to Herbert Manthe, manager of Mutual Life in Albany.

H. Gould Barrett & Co., Augusta, Ga., opened a life department with J. Tobin Barrett in charge. They will represent the Connecticut Mutual Life.

Carl Cronin, former Notre Dame half-back, has been named branch manager at Calgary by the Excelsior Life. He went to Calgary four years ago to coach

Two Bankers of Iowa Managers Have Resigned



ABNER A. HEALD

Abner A. Heald has resigned as Detroit agency manager of Bankers Life of Des Moines. Mr. Heald is a former trustee and is at present serving on the national council committee of the National Association of Life Underwriters. Prior to going to Detroit in 1936 he was general agent in Milwaukee for Provident Mutual Life.

P. B. Wallace has resigned as Cincinnati manager of Bankers Life. Mr. Wallace started with Bankers Life about five years ago in the Louisville agency and then assumed management of the Cincinnati agency about three years ago.

Bankers Life has not made new appointments in Detroit or Cincinnati.

a rugby team. Seven months ago he decided to devote all his time to insurance.

AGENCY NEWS

Bardwell Agency Stands Second

The Seth A. Bardwell agency of Lincoln National Life, Cleveland, was second in paid for business of all the company's agencies in November. W. O. Armstrong, H. W. Nebel and F. J. Lynch finished third, fourth and fifth among the company's agents, and Miss Rose B. Krohngold finished 13th. She has been a member of the Quarter Million Dollar Round Table for four years. A luncheon was held, J. P. Carroll, superintendent of agents, attending from the home office. Mr. Nebel was presented a fine engraved watch as a prize for leading the Cleveland agency in paid for production in December. He paid for more than \$80,000 of business. A good increase in paid for business has been made over last year.

Columbus Agency Expands

The Equitable Society has leased the entire seventh floor and 800 square feet on the 12th floor of the Beggs building in Columbus, O. H. A. Chipman, manager of the Columbus agency, said the new quarters were necessary because of an expanding organization which has shown an increase of more than \$1,000,000 in paid business this year.

Cowden Agency Celebrates

The Guy A. Cowden agency of Franklin Life, in a two months campaign celebrating its 10th anniversary, produced \$370,000. Sixteen agents qualified for a two-day trip to a resort on the Lake of the Ozarks. The home office was represented by Will Taylor,

secretary; James Abels, agency director, and Floyd Short, agency secretary. The principal speaker at the banquet was Mr. Taylor. The wives of the 10 leading agents were each awarded a household gift.

F. H. Lewis, Newark general agent Massachusetts Mutual Life, and Mrs. Lewis will be hosts to the entire agency and office staff at a dinner-dance Dec. 23.

Dartmouth College Is to Offer Actuarial Training

Dartmouth College announces that next fall it will introduce a new major in actuarial mathematics. During the past two years three students have been taking experimental actuarial courses. The mathematics department in offering a regular major in the field in which these three seniors have been doing special work, will prepare undergraduates for the first four of the six associateship examinations given jointly by the Actuarial Society of America and American Institute of Actuaries. The work of the junior year will prepare students in the field of algebra, differential and integral calculus and the calculus of finite differences. The work of the senior year will be in compound interest and annuities certain, in the theory of probability and in the elements of statistics.

Benevolent Association Enjoined

SOUTH BEND, IND.—Circuit Judge Pyle has issued an injunction against the American Benevolent Association, which the Indiana department contends is operating an accident and life insurance business without being licensed. The association is appealing the case.

Trustees of the association deny that it is an insurance company, contending that it is doing business as a trust, and not subject to Indiana insurance laws.

NEWS ABOUT LIFE POLICIES

By JOHN H. RADER

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, \$5.00 and \$2.50 respectively.

Equitable Society Increases 1940 Dividend Scale

The 1940 dividend schedule for the Equitable Society will show a general increase in annual premium permanent plans. The increase evidently comes from mortality savings since it is more pronounced in the case of ordinary life than for higher premium forms. The longer durations show more of an increase than the early policy years.

Single premium immediate and deferred annuities will continue to use the 1939 scale. There are decreases in single premium and fully paid-up life and endowments. Income plans will show some increases and some decreases while others will remain unchanged, depending upon the plan and date of issue.

Dividends on policies and annuity contracts issued prior to 1932 and containing disability income provisions will continue to be less than those payable on corresponding policies without such provisions, the differences between the modified and regular dividends being generally the same in 1940 as in 1939.

The new scale of excess interest for 3 percent participating settlements of policy proceeds will be as follows:

Installment and life income settlements .30 percent (total interest rate 3.3 percent).

Certificates of Deposit: Old option I and new option I (a), if payable an-

nually .30 percent (total interest rate 3.3 percent); if payable fractionally .20 percent (total interest rate 3.2 percent).

New option I (b), if payable annually 1.50 percent (total interest rate 3.0 percent); if payable fractionally 1.35 percent (total interest rate 2.85 percent).

Dividend deposits will be accumulated at 3 percent interest in 1940 but there will be no excess interest dividends.

A digest of the 1940 dividend scale follows:

Pol. Year	Age 20		Age 30		Age 40		Age 50		Age 60	
	1940	1940	1940	1940	1940	1940	1940	1940	1940	1940
2.....	\$5.62	\$6.40	\$6.93	\$6.80	\$8.45					
3.....	5.81	6.65	7.09	7.06	9.31					
4.....	6.00	6.90	7.23	7.30	10.17					
5.....	11.56	13.25	14.16	14.18	19.36					
10.....	7.02	7.92	7.99	9.19	14.83					
15.....	7.80	8.07	8.33	11.40	18.13					
20.....	8.27	8.28	9.25	13.61	21.21					
Av. Inc.	5.8%	6.3%	8.0%	10.0%	11.7%					

Twenty-Payment Life										
2.....	\$6.12	\$6.90	\$7.41	\$7.19	\$8.66					
3.....	6.37	7.20	7.62	7.51	9.56					
4.....	6.61	7.51	7.82	7.92	10.44					
5.....	12.68	14.36	15.23	15.12	19.80					
10.....	7.91	8.80	8.98	10.11	15.24					
15.....	8.86	9.29	9.82	12.59	18.52					
20.....	9.55	9.99	11.34	14.95	21.03					
Av. Inc.	4.2%	4.6%	6.0%	8.2%	10.9%					

Twenty-Year Endowment										
2.....	\$5.75	\$6.88	\$7.75	\$7.72	\$9.02					
3.....	6.10	7.27	8.02	8.08	9.93					
4.....	6.45	7.65	8.30	8.43	10.83					
5.....	11.90	14.34	16.01	16.32	20.62					
10.....	8.28	9.38	9.91	11.06	15.70					
15.....	9.54	10.38	11.34	13.76	18.97					
20.....	10.64	11.84	13.65	16.25	21.20					
Av. Inc.	2.2%	2.9%	4.4%	6.9%	10.2%					

Retirement Income—Male at 65										
Pol. Year	Age 20		Age 40		Age 50		Age 60		Age 70	
	1940	1940	1940	1940	1940	1940	1940	1940	1940	1940
2.....	\$5.32	\$7.26	\$9.49							
3.....	5.85	8.18	11.33							
4.....	6.08	8.48	12.05							
5.....	11.25	15.67	21.90							
10.....	7.31	10.24	17.07							
15.....	8.22	11.85	22.27							
20.....	8.85	14.40								
Av. Inc.	4.9%	6.7%	11.7%							

Changes Options Interest Basis

Provident Mutual Life has reduced the interest rate in all policy options involving leaving proceeds with the company. The rate has been 3.8 percent. It was lowered to 3.65 percent. The guaranteed portion has been and remains 2.5 percent, as with many companies. The remainder is the excess interest. The 3.65 rate does not apply to dividends left to accumulate, the rate for these being 3.5 percent. A new section for the rate book has been issued showing the effects of the change.

No Change by Fidelity Mutual

Fidelity Mutual Life announced that no change is being made in the present dividend scale or distributive interest rate, which remains at 3.5 percent. The directors arrived at the decision after reviewing the 1939 experience and examining the outlook for 1940.

Two Fined for Mail Fraud

Fines of \$1,000 each for mail fraud were assessed against G. H. Cottill and C. G. Edison, president and secretary, respectively, of the National Mutual Benefit Company and the National Mutual T. B. A. Company of Houston, Tex. The defendants were accused of making false promises to pay the full amount of a number of policies.

Harry C. Spillman, educational director of the National Association of Manufacturers, addressed a meeting of the Nonalico Club, an organization of home office employees of Northwestern National Life.



New Building Item No. 1

Bankers Life promises to set an all-time record for "First" with its new Home Office Building, now in final stages of construction. To-wit:

FIRST with a "Kibitzers' Gallery" for spectators at the building site, now widely publicized and copied.

FIRST to utilize Corning Glass Company's newest large units of molded glass for decorative panels in exterior design. Rockefeller Center has somewhat similar panels, in smaller units.

FIRST in America to adopt a combination of radiant heating and air conditioning.

and now

FIRST to install newest type of street electroliers which engineers say will someday be standard equipment on major streets of metropolitan centers everywhere.

New Building Item No. 2

Toronto's London Life, occupant of one of this continent's most beautiful Home Office buildings, plans an addition to that structure, complimented Bankers Life recently by sending a delegation to Des Moines to inspect the Bankers Life building project. Heading the delegation was Managing Director E. E. Reed; his companions, Robert E. Reed, son; O. D. Newton, Secretary, and Architects D. A. Hennigar and P. A. Deacon.

New Building Item No. 3

Engineering News-Record, "bible" of the building trades, devoted five full pages in its October 26th issue to the new Bankers Life Home Office building, classed it as one of the "ten notable buildings of the year."

New Building Item No. 4

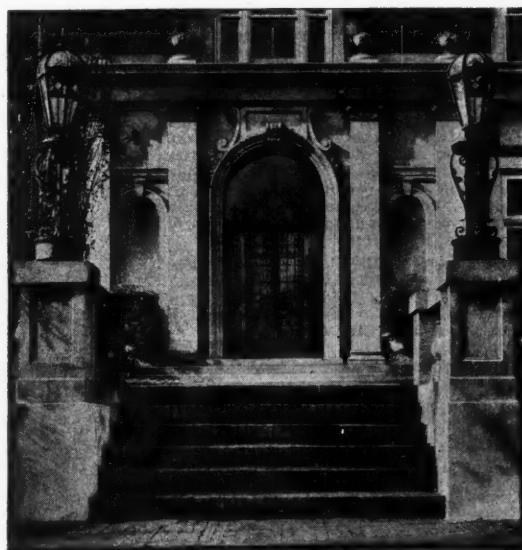
Innovation in Des Moines will be trees—European Lindens—growing up out of the sidewalk on three sides of the new Bankers Life Home Office. Thus, to the city's business district, Bankers Life will bring a touch of the wooded slopes, valleys and ridges which add so much to the beauty and charm of Des Moines' residential areas.

—BLC—

QUALITY

STABILITY

SERVICE



ENTRANCE TO HOME OFFICE

INDIANAPOLIS LIFE INSURANCE COMPANY

A Legal Reserve Mutual Company
Organized in 1905

Over \$109,500,000 of Insurance in Force

Splendid Agency Opportunities in Indiana, Illinois, Ohio,
Iowa, Michigan, Minnesota, Texas and California

EDWARD B. RAUB
President

A. H. KAHLER
2nd Vice-Pres. & Supt. of Agencies

BANKERS LIFE
DES MOINES
Established 1879 **COMPANY**

NEWS OF LIFE ASSOCIATIONS

Tydings Scouts Value of Federal Control

If life insurance were turned over to the federal government a "politician's paradise" would be created, Senator M. E. Tydings of Maryland told the Life Underwriters Association of New York City.

He said: "It would make the amount of insurance benefits to be paid an issue in political campaigns and would threaten the safety of the \$113,000,000,000 of security built up by 66,000,000 Americans through private companies which pay out in benefits and dividends every dollar that safe conduct of business permits."

"Entrance of the government into insurance would bring the promise from candidates for office to change the insurance laws so that wider benefits might be paid by the government, without regard to whether or not this was possible or practical."

Step to Planned Economy

"Were the government to invade the field of life insurance and take over the vast business that is now conducted privately, it would take this nation a long way along the road to planned economy and state socialism, or communism. That would be not only ruinous from the standpoint of the insurance business, it would be equally injurious to our democratic institutions, and the ultimate welfare of the people of the nation."

Senator Tydings said life insurance has done more to promote the unity of the family than any other agency; that it has been one of the great forces for preservation of constitutional democracy in the United States.

"The policyholders of the nation own most of our great life insurance companies. The management of the companies, the agents in the field, and the policyholders together have built up this great welfare and humanitarian agency."

Primary Purpose Is Protective

"Government, particularly democratic government, is a very useful agency of mankind. Its primary purpose in a democracy is to protect the individual, his person and his property, and to prohibit practices which are cruel and unfair. Nevertheless, it must be admitted it is not a creator of wealth but a consumer of wealth in many respects."

"Although beneficent in many phases, it is often but a parasite. It does not produce a loaf of bread or a yard of cloth. It has not a cent of its own but what is first taken from the earnings of its citizens. Government was created to govern, to regulate, not to operate or control the private business of the nation."

"Where it has attempted to go into private business, it has generally been shown that it has not the efficiency which characterizes most private businesses. Even in the role of welfare agent in these times of stress, it has been shown that political influence, rather than idealistic purpose, has too frequently held government operations up to opprobrium."

Michigan State Meeting in Grand Rapids, May 17-18

DETROIT—The annual meeting and sales congress of the Michigan Association of Life Underwriters will be held in Grand Rapids May 17-18, President K. W. Conrey, Penn Mutual, Grand Rapids, announced at a conference of officers and directors prior to the Managers Congress here. Harry T. Wright, "millionaire" producer of the Equitable Society in Chicago and vice-president National association, will outline his sales methods as one of the headline features of the congress.

Fargo Attorney Condemns U. S. Annuity Proposal

FARGO, S. D.—The meeting of the North Dakota Life Underwriters Association was addressed by Attorney H. G. Nilles of Fargo on "Government's Encroachment Upon Business." He showed that interest return on annuities purchased through the government must of necessity be lower than that obtained by private companies since such funds would have to be invested in government securities. He showed that any reduction in price must be borne by the taxpayer. He warned the life insurance people to be on the alert for other government inroads into the business and urged that they be militant in expressing themselves to the members of Congress.

Government Plans Still Threaten

SAN FRANCISCO—In reviewing the year's activities at a luncheon meeting, H. Kenneth Cassidy, president San Francisco Life Underwriters Association, declared government encroachments are increasing. He commented on recent attempts to put over a savings bank life insurance scheme in the state, which was opposed by the bankers as well as the insurance fraternity, saying he understood the state authorities plan to try this measure again at the 1941 legislature. He also said that while the Wagner annuity plan appears to be a dead issue, he feels this is only temporary and that such a scheme is definitely on the federal administration's program.

Business and partnership insurance sales possibilities were discussed by Martin Scott, Los Angeles. "Real salesmanship," said Mr. Scott, "is the minute of talk after an hour of thought and the ounce of effort after the ton of preparation." Mr. Scott reviewed the legal points for partners to consider in their business relations, particularly in regard to liquidation, reorganization, etc., and then presented a plan.

Map 1940 Essay Contest

Details are now made known of the 1940 essay contest sponsored by the National Association of Life Underwriters. J. W. Yates, Massachusetts Mutual, Los Angeles, is chairman of the committee in charge. Ninety prizes worth \$4,500 will be distributed. Some 400,000 copies of the booklet containing complete details have been shipped to local life underwriters' associations. These are to be put in the hands of schools, clubs, religious groups, business organizations, etc. In each of the nine districts in which the country has been divided, there will be 10 major prizes. Some of the local associations are getting up local awards to supplement the national prizes.

The contest closes Feb. 1 and the national winners are to be announced March 1.

Dallas—Congressman Hatton Sumners declared that "we are moving toward some kind of government which is seeping from the top down and we have reached the place where we must either repudiate our governmental debts or place a bondage on our children." He said it appeared centralized government is coming to this country, because the problems of the country are getting bigger than the government's ability to solve them.

He urged insurance men not to be party to pleas for bigger expenditures but rather to join in a fight for curtailment of spending and lending and any and everything the country can do without.

L. E. Throgmorton, Aetna Life, Shreveport, president Louisiana association, spoke on "Organized Sales Talks Plus Common Sense."

Northern New Jersey—At the Christmas party more than 400 gifts were turned in to be distributed to poor children. About 150 attended. J. C. Elliott,

Newark general agent Penn Mutual Life, was Santa Claus.

At the meeting Jan. 8 three members will discuss "Personal Planning."

Pittsburgh—Dr. P. L. Rohrer, clinical psychologist, Chicago, will speak Jan. 19 on "The Psychological Difference Between the Successful and the Unsuccessful Life Insurance Salesman."

Washington, Pa.—L. W. Borland, supervisor Penn Mutual Life, Pittsburgh, spoke on "Package Christmas Sales."

Fort Wayne, Ind.—C. C. Day, Pacific Mutual Life, Oklahoma City, discussed the "Philosophy of Living."

Kansas City—George Harsh, general agent Mutual Benefit Life, and L. O. Reed, Penn Mutual, spoke at the meeting of the young men's division. Mr. Reed recently placed first among all Penn Mutual agents for volume in his first year of production.

Springfield, Ill.—E. P. Connolly, Penn Mutual general agent at St. Louis, addressed the monthly meeting on "Engineering Life Insurance Sales."

Ottawa, Can.—At the annual meeting E. J. Murphy was elected president, succeeding H. C. Graham. Vice-presidents are Frank Kunst and A. Panet; secretary-treasurer, David Rodgers.

W. S. Penny, director of agencies Sun Life of Canada, spoke on "Taking Stock for 1940."

G. D. Finlayson, Dominion superintendent, spoke on the difference in the first war clause introduced in the last war and the elaborate war clause in the present policies, which covers every type of service.

Mr. Graham reviewed the activities of the association the past year, mentioning an increase in membership of 41.

Sheboygan, Wis.—Alvin Moser, Milwaukee, state president, spoke on the national convention in St. Louis and on state and national association activities.

Milwaukee—Frank L. McFarlane, Aetna Life, Cleveland, spoke on "What Is Tops?"

Green Bay, Wis.—Alvin Moser, president Wisconsin association, spoke on the services and advantages of organization and affiliation with the state and National organizations.

Boston—C. C. Day, Oklahoma City general agent Pacific Mutual Life, talking on "Keeping Our Sales Technique on the Right Track," emphasized three processes, the capacity to observe, capacity to interpret and the courage to make a decision. Stressing the importance of avoiding argument, he gave five rules to follow: Never talk politics; except at the proper time do not talk of the specific merchandise of the agent's company; talk the prospect's needs and problems; get agreement on the major issues involved, and don't let the prospect write the rules.

Manchester, N. H.—C. O. Fischer, vice-president Massachusetts Mutual, spoke on "The Service of Life Insurance" at a joint meeting with the Manchester Rotary Club and City Club.

Hopes Santa Claus Will Call Again This Year

The Philadelphia agency of the Penn Mutual Life tells a believe-it-or-not Yuletide story about one of its agents. On Christmas Eve a year ago, William J. Leighton was in his home, standing on a stepladder trimming the tree, when the phone rang. On the wire was a prospect who had moved to New York and had come back to Philadelphia to spend the holidays.

The voice said: "Hello, Bill, pardon the interruption, but I wanted to tell you that I would like to buy \$10,000 of life insurance on the life of my partner. You can send the doctor, etc."

The result was a policy with an annual premium of \$256.76.

This year Mr. Leighton is prepared to spend all his evenings, just before Christmas, standing on the stepladder, so that no telephones will be missed. Santa Claus might call again.

Oklahoma City—At the annual sales congress Feb. 2 speakers will include Paul Spelcher, R. & R. Service, and Charles E. Seay of Dallas, 25 years old, who wrote \$500,000 for the Southland Life the past year. H. G. Kemp is sales congress chairman.

Waterloo, In.—Hugh Patterson has been elected president, succeeding Harold Rugg, Penn Mutual, resigned. Dewey Butterfield succeeds Mr. Patterson as vice-president.

Winnipeg, Man.—New officers are: President, James A. MacPhail, Imperial Life; vice-president, W. J. L. Watson; secretary, S. B. Treilhard; treasurer, H. H. Button.

Toronto—Graham A. Walter, educational supervisor of Canada Life, a former Canadian Olympic track star, gave an address, "On Your Mark."

Miller Talks to Teachers

A. Van Court Miller of the New York "Herald-Tribune" will be the speaker at the dinner meeting of the American Association of University Teachers of Insurance at Philadelphia, Dec. 27, "The Buyer's Viewpoint on Insurance" to be his topic. The program for the afternoon and the after-dinner sessions were previously announced.

L.A.A. Press Group Named

The press committee for the Life Advertisers Association has been named by Powell Stamper, chairman, who is sales promotion manager for the National Life & Accident. Members include Charles E. Crane, National Life of Vermont; Ray B. Helser, Home Life of New York, N. Y., and J. R. Morris, Business Men's Assurance.



At insurance commissioners convention, pictures by Harry H. Fuller, deputy U. S. Manager of Zurich: O. E. Erickson, North Dakota commissioner and his daughter, Miss Della Erickson.

AGENCY MANAGEMENT

Pittsburgh Supervisors Elect New Officers

L. C. Richards, Jr., agency assistant Sun Life of Canada, was elected president of the Supervisors Club of Pittsburgh at the annual meeting. L. Bab-



L. C. RICHARDS, JR.

cock, Jr., Aetna Life, was elected treasurer.

Ray H. Finger, Sun Life superintendent of agencies for the eastern United States, said the successful supervisor's duties comprise at least three definite objectives: Outlining the plan of work for the agent, working out a definite method of prospecting with the agent, and maintaining the morale of the agent.

Milwaukee Cashiers Organize

The Milwaukee Life Insurance Cashiers Association has been organized with these officers: President, Frank E. Roberts, Massachusetts Mutual; vice-president, James A. Stadler, Lincoln National; secretary-treasurer, Luelle O. Tank, Acacia Mutual. Mr. Roberts is chairman of a committee to draft a constitution and bylaws.

San Francisco Cashiers Celebrate

The San Francisco Life Agency Cashiers Association held its annual party Wednesday. General chairman was W. C. Toon, Union Central Life. He was assisted by Miss Collette Drendel, Columbian National Life, Miss Kate Ahern, Guardian Life, and Harold McCrimmon, Reliance Life.

Engel Nominated in Milwaukee

MILWAUKEE—Hugh Holmes, Lincoln National, chairman of the nominating committee of the Milwaukee Life Managers & General Agents Association, has announced the slate of candidates to be voted upon at the annual meeting in January: President, Frank Engel, Franklin Life; first vice-president, Frank W. DuBose, Old Line Life; second vice-president, L. W. Spickard, Bankers of Iowa; secretary, Harold F. Bowes, Phoenix Mutual, and treasurer, for a third term, B. W. Reagles, Acacia Mutual. A previous report was incorrect.

Burnett Pittsburgh Speaker

H. T. Burnett, vice-president Reliance Life, spoke on "Building a Sales Organization" at the luncheon of the Agencies Committee of Pittsburgh.

Stone New Spokane President

The Spokane General Agents & Managers Association has elected these officers:

President, Paul D. Stone, Mutual Benefit Life; vice-president, George J. Marsh, New York Life; secretary, Ted

A. L. Thompson, Oregon Mutual Life; new directors, Budd C. Long, Aetna Life, and Ray C. Lessard, Metropolitan Life.

Holmer Heads St. Paul Club

O. G. Holmer, State Mutual Life, has been elected president of the St. Paul General Agents & Managers Club. Other officers are: First vice-president, Hugo Victor, Minnesota Mutual Life; second vice-president, Hiram Moore, Mutual Life of New York; secretary-treasurer, J. J. Willinger, Northwestern National.

Kavanaugh Against U. S. Control

DENVER—In a report of the insurance commissioners' convention at Edgewater Gulf, Miss., before the Life Agency Managers Association, Commissioner Kavanaugh declared himself strongly in favor of letting the states handle their own insurance problems and expressed the opinion that whatever the faults of state supervision, things would be much worse under federal supervision.

Heye Chairman, McLain President of Guardian Life

(CONTINUED FROM PAGE 1)

of the American Life Convention, stepping stone to the chairmanship next year. He has been with Guardian Life 15 years, starting as assistant superintendent of agents and becoming superintendent in 1928. He started in the business as an agent in St. Paul with Provident Mutual in 1919.

Mr. Barnsley, a native of England, has been with Guardian Life since 1928. He has been in this country since 1923.

Mr. Neuendorffer has been with Guardian Life 31 years, for the past 19 years as secretary.

Mr. Scott, a native of Scotland, has been with Guardian Life since 1934.

New Company in Kansas City

KANSAS CITY—American Fidelity Life of Kansas City has been granted a state charter. It will have 100,000 shares of \$1 par value. Carl H. Willbrand, Gloyd building, Kansas City, is attorney for the company.

IN TABLOID

The Edward A. Woods Company chorus of 52 mixed voices presented 15-minute programs of carols in the Frick building lobby in Pittsburgh each noon this week.

Dr. J. B. Young, medical director of the Indianapolis Life, who has been making a tour of Texas agencies, was guest of Bruce Veazey, San Antonio manager, on a five-day duck hunt.

November was observed as Elmendorf Month by agents of the Texas Prudential, in honor of Tom Elmendorf, home office agency supervisor and first assistant to H. Gale Rogers, manager of ordinary agencies.

Frank S. Engle, 65, died at a San Antonio hospital. Mr. Engle, a native of Indianapolis, had been prominent in life insurance in Mexico for more than 30 years, living and working at Tampico until about nine years ago, when he established his residence in San Antonio, but he continued his work in Tampico until a short time ago. At the time of his death, he was with the Northwestern National Life.

A special committee of the Baltimore association will again have complete charge of the Christmas entertainment for the unfortunate children who are confined to the Harriet Lane Home of Johns Hopkins Hospital for the Christmas season. The committee is headed by Leonard V. Godine, general agent Northwestern National.

Get a new Social Security Slide Rule. \$1 from National Underwriter.



In recognition of 25 years of outstanding service to his Company and the Life Insurance business, Grant Taggart's Home Office and Field associates join in celebrating:

"GRANT TAGGART SILVER JUBILEE"

DECEMBER 16TH TO 30TH

Life Member and Past Chairman Million Dollar Round Table; CWSL Leading Producer 23 years; Trustee N.A.L.U.; President El Capitan Club.

California Western States Life Insurance Company

HOME OFFICE:
SACRAMENTO

O. J. LACY
PRESIDENT

The Trend to Stick

Five hundred and sixty-four years. That is the combined total of years served by the score of men who have been associated with Bankers Life of Nebraska for a quarter of a century or longer.

These have been years characterized by the quality of loyalty. Loyalty to the principles and ideals of life insurance. Loyalty to the thousands of persons — policyholders and beneficiaries—to whom they have brought the advantages of life insurance. Loyalty to one company which they have come to know as their business partner working with them in a common cause.

This loyalty is the basis for "the trend to stick" as displayed by Bankers Life of Nebraska men. We are proud of these men—proud of their loyalty—proud of "the trend to stick" tradition.

Bankers Life
INSURANCE
COMPANY of **Nebraska**
HOME OFFICE LINCOLN

PROPERTY MANAGEMENT | DIRECTORY |

● The property management firms whose names are shown on this page have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

ALABAMA

ENGEL REALTY COMPANY

Realtors & Insurers
MANAGEMENT SALES
LEASES APPRAISALS
BIRMINGHAM, ALABAMA

CALIFORNIA (Cont.)

Norris, Beggs & Simpson

Coastwide Service
PROPERTY MANAGEMENT
SALES—LEASES
APPRAISALS
243 Kearney Street
SAN FRANCISCO
PORTLAND, SAN FRANCISCO, SEATTLE

FLORIDA (Cont.)

Tampa's Leading Management Firm JAY HEARIN INC. REALTORS

Property Management
Insurance
Rentals
Sales
Loans
Members Institute of Real Estate Management
Mass Bldg., Tampa, Florida

ILLINOIS (Cont.)

HOOKER and SLOSSON

140 South Dearborn St.
APPRAISALS
Property Management
Sales
Leasing
JOHN P. HOOKER, M. I. A.
Complete Service Metropolitan Area
Chicago, Illinois

ARIZONA

Real Estate—Property Management
Insurance—Complete Rental Service

FRANK H. FINNICAL

239 North Central Ave.
Statewide Service
PHOENIX, ARIZONA

COLORADO

Appraisers Property Managers Sales Loans

A. D. Wilson & Co.
1730 Calif., Denver, Colo.

COASTAL REALTY SERVICE, INC.

Formerly known as Wagg, Inc.
Wagg Building
West Palm Beach, Florida
SALES — LEASES —
APPRAISALS
PROPERTY MANAGEMENT
Branch offices: Palm Beach and
Fort Lauderdale, Florida

PAUL STEINBRECHER AND COMPANY

Specialists in the
SALE, MANAGEMENT AND
APPRAISAL OF CHICAGO
REAL ESTATE
7 S. Dearborn St.
CHICAGO, ILL.

ARKANSAS

READ-STEVENSON & DICK INC.

Property Management
Sales—Leasing
Mortgage Loans
A. C. Read II R. Redding Stevenson
Charles E. Dick
109 South Main Street
LITTLE ROCK, ARKANSAS

CONNECTICUT

WATERBURY
Hutchinson & Hutchinson
Property Management
Appraisals and Sales
Member of
Institute Management
and
American Institute of Real Estate
Appraisals
195 No. Main St.

GEORGIA

ADAIR REALTY AND LOAN COMPANY LOANS

Real Estate Renting
Insurance Chain Store Leasing
Healey Bldg. Atlanta, Ga.

SWAN-LORISH INCORPORATED

Expert Property Management
Sales—Loans—Appraisals
Property Surveys
Chicago

CALIFORNIA

Property Management SALES—INSURANCE Loans—Rentals

Member Mortgage Bankers Association

CARL F. BURRELL

Security Title Insurance Bldg.
LOS ANGELES, CALIF.

FLORIDA

Property Management
Mortgages—Sales
Appraisals

MAL HAUGHTON JR. COMPANY

108 West Bay St. Jacksonville, Florida

A. E. KING & SON REALTORS

RENTING
BUYING-SELLING
LOANS
INSURANCE
37 BULL STREET SAVANNAH, GEORGIA
PROPERTY MANAGEMENT

INDIANA

PROPERTY MANAGEMENT APPRAISALS Sales - Leases

Insurance - Mortgage Loans

W. A. BRENNAN, INC.

428 Illinois Bldg. Riley 2315
INDIANAPOLIS

F. D. COURNEEN M. A. I.

PROPERTY MANAGEMENT

All Classes
Industrial—Sales, Rentals,
Leasing—Appraisals—Loans
Covering Metropolitan Oakland Area
415 Financial Center Bldg.
Oakland, Calif.

WILLIAM H. GOLD CO.

Security Building,
Miami, Florida

MORTGAGE LOANS
REALTOR
PROPERTY MANAGEMENT

ILLINOIS

Ralph W. Applegate and Co.

SALES AND LEASES
PROPERTY MANAGEMENT
COMPLETE MORTGAGE FINANCING
GENERAL INSURANCE
MEMBER
Chicago Real Estate Board
National Ass'n. of Real Estate Boards
Chicago Board of Underwriters
Continental Illinois Bank Bldg.
CHICAGO
FRANKLIN 7670

Property Management

Appraisals
Sales Leases

KLEIN & KUHN

Guaranty Bldg. Indianapolis
George A. Kuhn, M. A. I.

O.W. Cotton REALTOR

530-24 Commonwealth Building
SAN DIEGO, CALIFORNIA
Property Management
LOANS — LEASING
SALES — APPRAISALS
GENERAL INSURANCE
Property Management Equitable Life Assurance Society

Property Management
General Brokerage
Appraisals
Loans

McNUTT-HEASLEY REALTORS

ORLANDO, FLORIDA

HARRINGTON

INDUSTRIAL - COMMERCIAL
MANAGEMENT SALES
APPRAISALS RESEARCH
— CHICAGO —

KENTUCKY

PROPERTY MANAGEMENT Appraisals Sales Leases

GOODMAN AND HAMBELETON INC.

6th Floor, Louisville Trust Bldg.
Harry W. Goodman, Appraiser
LOUISVILLE, KY.

LOUISIANA

Real Estate
LEO FELLMAN & CO.
Established 1903
Property Management
Mortgage Loans
 829 Union St., New Orleans

MICHIGAN

L. A. EWALD, INC.
Property Management
 Appraisals, Leases, General
 Real Estate, Industrial Property
 Investment Counsel
 •
 2536 Union Guardian Bldg.
 DETROIT, MICHIGAN



H. G. WOODRUFF, INC.
MORTGAGE LOANS
 Real Estate Management
 Appraisals
We Cover the City
 Union Guardian Bldg.
 DETROIT, MICH.

MINNESOTA

THORPE BROS., Inc.
REALTORS
Member—Institute Management
Property Management
 Thorpe Bros. Building
 519 Marquette
 MINNEAPOLIS, MINNESOTA

M. R. WATERS & SONS, INC.
BAKER BLDG.
Property Management
Leasing—Selling
Mortgage Loans
 Covering Metropolitan Area
 Twin Cities
 MINNEAPOLIS, MINN.

DUNN & STRINGER
 INCORPORATED
 Empire Bank Building
 St. Paul, Minnesota
 McNeil S. Stringer, Pres.
Mortgage Loans
Real Estate
Property Management

MISSOURI

A Complete Real Estate Service
HERBERT V. JONES
AND COMPANY
 PROPERTY MANAGEMENT
 APPRAISALS
 INSURANCE
 LEASES
 LOANS
 300 BRYANT BLDG., KANSAS CITY, MO.

*Bank Just Past Its 80th Anniversary
 Real Estate Dept. in Its 40th Year
 Complete Real Estate Service*
 Sales
 Commercial Leasing
 Industrial Properties
 Property Management
Real Estate Dept.
MERCANTILE COMMERCE
BANK & TRUST CO.
 8th & Locust St.
 ST. LOUIS, MO.

NEW JERSEY

SEELY CADE, Inc.
 26 Journal Square, Jersey City
REAL ESTATE
Management Appraisals
 Member—Institute of Management

NEW MEXICO

Statewide Realtor Service
SAVAGE and SGANZINI
 Property Management
 Loans
 Rentals
 Leasing
 Selling
Complete Insurance Company Service
 209 South Fourth St.
 Albuquerque, New Mexico

OHIO

HOWARD R. BURGESS AND CO.
Member M. A. I.
 Property Management
 Appraisals
 Leasing—Selling
 Mortgage Loans
 Complete Real Estate Service
Also Servicing Dayton
 Home Office—Neave Bldg.
 CINCINNATI, OHIO

Raymond T. Cragin & Co.
 Raymond T. Cragin, M. A. I.
 PROPERTY MANAGEMENT
 APPRAISALS
 LOANS
 LEASING
Covering Complete Metropolitan Area
 National City Bank Bldg.
 CLEVELAND

THE CUYAHOGA ESTATES CO.
Mortgage Loans, Property
Management, Appraisals
Hickox Building
 C. A. Mullenix, M.A.I.
 Pres. & Treas.
 Cleveland, Ohio

OHIO (Cont.)

Steller-Carpenter-Stofer, Inc.
*Complete Real Estate Service
 City Wide*
Property Management
Sales
Leasing
 1900 Euclid Ave.
 CLEVELAND

Property Management
Appraisals
Sales
Mortgage Loans
The Wm. J. Van Aken
Organization
 1715 Euclid Ave. Cleveland, Ohio

REAL ESTATE
Property Mgmt. Mtge. Loans
Appraisals Surety Bonds
Insurance Sales
F. H. A. Approved Mtgees.
CONSULT
Wm. D. Zinn & Co.
Dependable since 1906
31 Experts—60 Employees
At your service.
 37 North Third St. Columbus, Ohio

OKLAHOMA

UNITED SERVICE AND RESEARCH
 INCORPORATED
Terminal Building
 OKLAHOMA CITY, OKLAHOMA
COMPLETE SERVICE
Appraisals Real Estate
Loans Management
Sales—Leases
 BRANCH OFFICES
 Metropolitan Bank Bldg. 31 Madison Bldg.
 Minneapolis, Minn. Memphis, Tenn.
 Buhi Bldg.
 Detroit, Mich.

DARNELL-ZUENDT CO.
Realtors and Insurers
REAL ESTATE
MANAGEMENT
SALES — LOANS
APPRAISALS
Member of Institute of
Property Management
 Beacon Bldg., Tulsa, Okla.

OREGON

Norris, Beggs & Simpson
Coastwide Service
Property Management
Sales—Leases
Appraisals
 2nd Floor Wilcox Bldg.
 PORTLAND, OREGON
 PORTLAND, SAN FRANCISCO, SEATTLE

PENNSYLVANIA

PHILADELPHIA — SOUTH JERSEY
PROPERTY MANAGEMENT
MORTGAGES
APPRAISALS
Markeim-Chalmers-Ludington, Inc
 1424 Walnut Street, Philadelphia, Pa.
 645 Market St., Camden, N. J.
 J. W. MARKEIM, Member — AMERICAN
 INSTITUTE OF REAL ESTATE
 APPRAISERS
 INSTITUTE OF PROPERTY
 MANAGEMENT

TENNESSEE

*Our Experience of More Than 35 Years Will
 Help Solve Your Problems
 We Invite Your Consultation*
F. L. Gates Company
REALTORS—INSURORS—
MORTGAGE LOANS
 729 Walnut St. Phones: 7-1534—7-2978
 CHATTANOOGA, TENN.

MILLARD NAIL & CO.
REALTORS
Property Management
Industrial Specialists
Leasing—Sales
Appraisals
Record of 37 Successful Years
 113 So. Court Ave.
 MEMPHIS, TENN.

TEXAS

R. H. GAMBLE COMPANY
REALTORS
 Kirby Building
 Dallas, Texas
 •
Specializing in
Business Property—Industrials—Factory
Sites—Leases—Loans
 Complete Property Management Service

GEORGE W. WORKS
REALTOR
Specializing in
 PROPERTY MANAGEMENT
 LEASING—SALES—LOANS
 APPRAISALS
 and INSURANCE
 DALLAS, TEXAS

Property Management
Appraisals
Business Property Specialists
Leases, Sales and Rentals, Loans
LEAVELL & SHERMAN, Inc.
 109 N. Stanton St. El Paso, Texas
 (Established 1906)

Complete
REAL ESTATE SERVICE



Property Management
Loans—Sales—Appraisals
 111½ WEST 7TH ST.
 FORT WORTH

HAROLD W. KELLER
 M. A. I.
 Property Management—Appraisals—
 Loans—Sales
 Member Institute of Property
 Management
 1006-7-8 Travis Bldg.
 SAN ANTONIO, TEXAS

PROPERTY MANAGEMENT — DIRECTORY —

• The property management firms whose names are shown on this page have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

UTAH

**PROPERTY MANAGEMENT,
RENTALS, LEASES,
APPRAISALS, SALES**

FIRST SECURITY TRUST CO.
(Property Management Dept.)
Salt Lake City, Utah

WASHINGTON

Norris, Beggs & Simpson
Coastwide Service

**PROPERTY MANAGEMENT
SALES—LEASES
APPRAISALS**

**REPUBLIC BLDG.
SEATTLE, WASH.
PORTLAND, SAN FRANCISCO, SEATTLE**

WEST & WHEELER REALTORS

Property Management

Complete Real Estate Service

For the past 40 Years

Entire 2nd Floor, Marion Bldg.
Seattle, Wash.

WISCONSIN

ELDON B. RUSSELL
and ASSOC.

**LOANS
PROPERTY MANAGEMENT
APPRAISALS
RENTALS**

Experienced Insurance Activities

Tenney Bldg.
MADISON, WIS.

New Public Employee Group Plan

LANSING, MICH.—The Michigan department has issued a ruling, based on an attorney general's opinion, providing a means by which county road commissions may insure employees under group life contracts.

The attorney general had been asked whether payment of a group life premium covering employees could be construed as an expenditure for a public purpose and whether, specifically, road commissions were authorized by statute to incur such expense. The opinion stated the expenditure might be deemed for a public purpose if it were made "with the intent to produce a more efficient service." It was conceded, however, that road commissions lacked the power to pay any part of the premium on group contracts covering employees.

To get around the narrow provisions of the law it was suggested that it would be perfectly legal for road commissions to advance the salaries of employees a sufficient sum to reimburse them for payment of group insurance premiums.

AS SEEN FROM CHICAGO

MAINTAIN BIG VOLUME RECORD

The eight week new business drive staged by the C. J. Zimmerman agency of the Connecticut Mutual Life in Chicago closed with a whirlwind finish. December new business is on a plane with the same month a year ago, when life companies were being swamped with applications due to first option changes. The campaign was in honor of Mr. Zimmerman's election as president of the National Association of Life Underwriters. Plaques will be presented quota makers at the agency Christmas party on Jan. 4. Presentation will be made by Vice-president Vincent B. Coffin.

NELSON HEADS DRIVE FOR FUNDS

Frank E. Nelson, Chicago general agent Midland Mutual Life, is chairman of a drive for funds for the Finnish Red Cross launched in Chicago under the sponsorship of the Finnish Service Association. Mr. Nelson, who is also a member of the Olympic committee, says the 1940 Olympic games, scheduled to be held in Finland, will probably be postponed. Mr. Nelson was born in Finland and came to this country 35 years ago when he was 3 years old.

KERNODLE MAKES FINE RECORD

The Oliver P. Kernodle general agency of the Phoenix Mutual Life in Chicago nearly doubled its November 1938, paid production last month. November was its third largest month in history in written business and the largest in premium income since January. Paid business increased 55 percent for the first 11 months while premium income increased 41 percent. December promises to be one of the agency's best months in both volume and premiums, last year's record having been equaled during the first 19 days. In the eight week home office sales campaign the Kernodle agency exceeded its quota by a wide margin. Two men haven't missed a week in production in 1939 and one has only missed two weeks. Three agents have qualified for the President's field staff, honor production club.

CHICAGO ASSOCIATION'S PARTY

Members of the Chicago Association of Life Underwriters cast aside their sales plans and rate books Monday night and frolicked at their first Christmas party. Among the highlights of the entertainment program were skits staged by the various divisions and participated in by leading members. General chairman was W. M. Houze, general agent John Hancock, and W. N. Hiller, Penn Mutual millionaire producer, master of ceremonies. Also on hand to see that things ran smoothly was Miss Joy Luidens, executive secretary and her competent staff.

Skits presented included: "A Day in the Life of a Busy General Agent" by the Life Agency Supervisors Club. In the cast were C. B. Devol, Jr., Connecticut Mutual; R. H. Wienecke, Union Central; H. G. Walter, Penn Mutual; R. C. Carson, Jr., Rockwood Co.; E. J. Grandson, Union Central.

The Chicago C.L.U. chapter presented two numbers: "The Heigh-Ho Song from So-What and the Three Dwarfs" and "The Three Little Fishies." In the cast were R. J. Murphy, Prudential; Eugene Rappaport, Pacific Mutual; H. R. Schultz, Mutual, N. Y., and Mr. Hiller.

"Mr. Policyholder and Miss Cashier" was presented by A. H. Johnson, Penn Mutual, and Miss Christine Ludwig, State Mutual, as the contribution of the cashiers' division.

The women's division's skit was "We're Life Underwriters of Note." Teacher was Blanche Gatzert, Mutual Benefit, and students were Irene Cunningham, Penn Mutual; Bessie M. Dixon, John Hancock; Kate Berkman, Equitable Society; Elsie Dynes and Garland Kahle, Equitable Society; Edna

Kaufmann, Penn Mutual; Elva J. Pierce, John Hancock, and Marjorie B. Riordan, Massachusetts Mutual.

Bob Lotz, Penn Mutual, who represented the fieldmen's division, provided one of the main highlights of the skit presentations with a display of legerdemain. Mr. Lotz is an amateur magician of note.

L. Mortimer Buckley spoke briefly, and Santa Claus in the person of Clay Lundquist of Fred S. James & Co. distributed door prizes to the lucky winners. Dancing to two orchestras completed the evening's entertainment.

Prior to the skit program the underwriters gathered for dinner and also saw the film, "Yours Truly, Ed Graham."

Martin L. Selzer, general agent Aetna Life, Des Moines, was a guest.

INTRODUCE NEW EQUITABLE PLAN

H. E. O'Malley and A. M. Sloan of the staff of V. L. Bushnell, second vice-president Equitable Society, have been in Chicago for several weeks introducing the Equitable's new "Extended Income Plan" to the Chicago agencies.

TWO EQUITABLE AGENCIES MERGE

The Herbert A. Sloan agency of Equitable Society in Chicago is to be merged Jan. 1 with the W. V. Woody agency, Mr. Sloan taking his whole organization of some 25 agents along and continuing their supervision as assistant agency manager. Mr. Sloan was named manager of the agency in 1935. Previously he was assistant manager associated with Manager Woody. The Sloan agency has been operated for many years, previously being variously known as the Bender, Nolan and Curtis agency. Mr. Sloan built up an aggressive new organization, especially attracting younger agents. The change was announced this week at a luncheon at which W. L. Gottschall, director of agencies western division, was host. Mr. Gottschall took the occasion to award to the Woody agency the Gottschall trophy won in the November "football" campaign conducted by the Equitable's Central Managers Association. Mr. Gottschall presented the trophy to Harry T. Wright, associate manager and outstanding producer in the Woody office, who passed it on to Manager Woody.

CASHIERS' GROUP FROLICS

The cashiers' division of the Chicago Life Underwriters Association held its annual Christmas party, an informal dinner, featured by singing of Christmas carols and a visit by Santa Claus in the person of J. C. Raupp, cashier New York Life. Presiding was Miss Christine Ludwig, State Mutual, president.

Roland D. Hinkle, assistant manager Reno agency Equitable Society in Chicago and slide rule inventor, has a new baby daughter, his third child.

Suit to Secure Increased Dividends Unsuccessful

An effort to force Metropolitan Life to pay higher dividends on life policies that include accidental death benefits than on straight life contracts has been terminated unsuccessfully with the appellate division of the New York supreme court rendering a decision for the insurer and against the plaintiff, Samuel Barnett. Barnett sought to collect higher dividends in 1921-37, on the theory that since he had paid more for his policies with double indemnity than if he had had that benefit, he should get higher dividends.

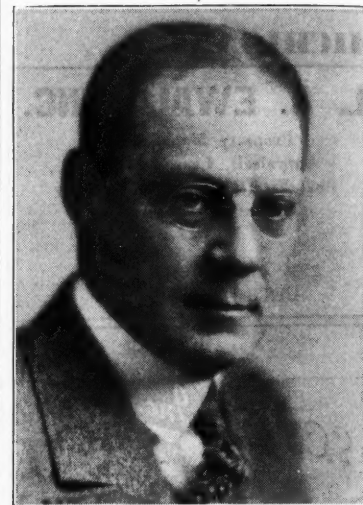
W. J. Smith, Portland, Ore., general agent of National Life of Vermont, has been reelected for his third term as president of the Oregon Wild Life Federation.

COAST

Travelers Manager on Job 35 Years

Arthur S. Holman, San Francisco manager of the Travelers, has just completed 35 years in that capacity.

Mr. Holman is a native of Kansas City. The greater part of his business



ARTHUR S. HOLMAN

life, however, has been spent in San Francisco, where he was general passenger agent of the Union Pacific Railroad before joining the Travelers. With a single employe, he established there the first Travelers branch office on the Pacific Coast. Two years later the devastating earthquake hit San Francisco. Mr. Holman secured a rent collector's wagon and rescued the office records from the ruined office building. The job took all day and his only nourishment was a can of buttermilk he found in a ruined dairy.

He has been active in civic affairs in San Francisco. He was a charter member of the city's pension board. In 1926 he was awarded the Heron trophy, a recognition given to the man who makes the greatest contribution to life insurance. He served as president of the San Francisco Life Underwriters Association and in 1931 was elected second vice-president of the National association.

Push Colorado Suit to Tax Annuity Premiums

DENVER—In an effort to force payment of the 2 percent premium tax on annuity premiums by all life companies operating in Colorado, the state will shortly bring to trial a test case involving the Connecticut General Life, Commissioner Kavanaugh announces.

If the state's case is successful, approximately \$600,000 in back premium taxes will be collected, according to Kavanaugh. The state contends that the statute of limitations does not apply to the amounts in dispute, and will attempt to collect taxes for the period since enactment of the present insurance law in 1913.

As the Connecticut General did not enter the state until 1922, the amount involved in this particular action is only \$1,789, together with accrued taxes since the suit was filed. However, this case will serve as a thorough test of the law and if the state is victorious here, the section of the law covering this tax will be strictly enforced.

Answering the state's suit, the Connecticut General contends that annuity contracts bear no relationship to life insurance and that the term "premiums" as used in the tax statute does not place annuities in this classification.

Emery and Wilkes View Federal Investigation

(CONTINUED FROM PAGE 11)

for its own defense. Whether the commissioners or the Life Presidents Association or the underwriters' organization will be the spearhead of this defense we can't tell yet, but certainly cooperation is necessary for the protection of the institution.

Wants "F. & R." Boys Eliminated

"I believe that 15,000 life agents in this state are far too many. I would like to see the 'F. & R.' boys, those who sell their friends and relatives and then drop out, eliminated. This age of changes requires better trained and better educated agents. If I had a son in the life insurance business I would want him to take C.L.U. work to prepare himself for his profession."

At the luncheon E. H. Wilkes, vice-president Metropolitan Life, spoke on "Trends," the most significant of which, he declared, is the TNEC investigation. "This investigation indicates that we are living in an age of turmoil, characterized by an inflamed state of the public mind and confused public thinking. Since the attack has fallen upon life insurance, it behooves the institution to recognize its duty and perform it."

At the outset of the investigation several young men unfamiliar with the business came to the Metropolitan, were given desk space and launched into an examination of the files of the major officials. They came not to investigate impartially, but with the avowed intention of "digging up some dirt," Mr. Wilkes declared.

The same attitude was shown at the hearing later, when the government's witnesses were permitted to make statements without challenge, statements which were printed in the newspapers before rebuttal witnesses could be heard. "I have studied all of the testimony given at the hearing and can find nothing in it for which any insurance man should blush in shame for anything the companies have done," Mr. Wilkes stated. So-called "counselors" and representatives of the Massachusetts savings bank insurance were called upon to testify that agents are unnecessary in the business, and could easily be dispensed with.

Agents Create Business

"America has much more insurance in force than any other country on the face of the globe, and this has been brought about by the agents. In the early days when there were no paid agents the business grew very slowly. When the agent stepped into the picture, compensated adequately for his work, despite the fact that he was the butt of jokes, he insured the nation. He has been the greatest benefactor this nation has ever seen. Despite the saving bank insurance advocates, men seldom buy insurance voluntarily. They have to be sold for their own good. Without the agent this country would eventually become very much underinsured. The next step would be that the government would pass a law forcing everyone to buy insurance."

Ordinary Would Follow Industrial

"So far the attacks have been leveled chiefly at the industrial end of the business. Should the government take over the industrial business, the ordinary will follow, without a doubt. The government is already proposing to go into the insurance business. Senator Wagner proposes to have the government sell annuities at 30 percent less than the companies can sell them for. This is obviously absurd. The overhead on annuities accounts for about 4 percent of the premium. The owners get the balance. If annuities were to be sold at 30 percent less than the company rates, the taxpayers would have to make up the balance of 26 percent."

"Federal supervision of the insurance business will probably be urged. Should

this come about, the companies will have to pay their taxes to the federal government instead of the state governments. Centralizing the insurance business under federal supervision would be a very dangerous step. It might lead to political control of the business. The present decentralized state control is working out admirably and greatly minimizes the danger of politics entering into the business."

"Centralizing so much power in the hands of a few men in Washington leads consciously or unconsciously towards dictatorship and we in America are very sensitive about dictatorships these days. If I thought that the interests of the policyholders of this nation would be better served by federal supervision than by company supervision under the state insurance departments, I would favor government control," Mr. Wilkes declared.

Stumes on Eastern Trip

C. B. Stumes of Stumes & Loeb, Chicago general agents for Penn Mutual Life, visited the head office in Philadelphia this week and spent a day or two in New York where he conferred with Holgar J. Johnson, president of the Institute of Life Insurance.

COMPANIES

Advances A. F. Egner for Director

North American Life of Chicago is soliciting proxies in the interest of causing the election as a director of A. F. Egner of Newark, who is chairman of the New Jersey Realty Company and vice-president of Kresge Department Stores, Inc. There is a vacancy on the board due to the death of Thomas E. Rooney, who was general counsel.

S. H. Doggett, who has been organizing opposition for the past several years, is again soliciting proxies, and the management is opposing him vigorously.

Lee Travelers Asst. Treasurer

Kenneth R. Lee has been named assistant treasurer of all the Travelers companies. He has been with the organization since graduating from Yale in 1928.

Hay Back with Great Southern

Sam R. Hay, Jr., who recently left the Great Southern Life to go to Birmingham, Ala., as superintendent of

agents of the Protective Life, has returned to the Great Southern in its agency department.

Sell 15,000 Southwestern Shares

An additional 15,000 shares of Southwestern Life of Texas has been disposed of by General American Life of St. Louis. General American got \$35 per share for this stock. General American still owns 110,000 shares of Southwestern Life, that is carried at \$27.50 per share.

Home office executives and employees of the Pacific Mutual Life to the number of 750 participated in the Christmas luncheon in the home office auditorium Dec. 21.

Scranton Life—New paid business in November was 74 percent greater than last year. It was one of the best productive months of the entire year.

Union Central—For the first 11 months total paid business was \$90,095,607, compared with \$81,085,718, an increase of over 11 percent. For life insurance only, the 1939 figure was \$64,117,076, compared with \$58,218,657.

Title Insurance Companies

● The title insurance firms whose cards are shown on this page have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

CALIFORNIA

Title Insurance—Escrows—Trusts

Title Guarantee & Trust Co.

Incorporated October 28, 1906

Title Guarantee Building
Hill at Fifth Street
Los Angeles, California

COLORADO

THE TITLE GUARANTY COMPANY

Established 1911

M. Elliott Houston, Pres. — J. Tate Duncan, Secy.

Title Insurance

Real Estate

Loans

Abstracts

15TH & COURT PLACE
Telephone Keystone 1251
DENVER, COLORADO

OREGON

Over \$700,000 Capital & Surplus

TITLE INSURANCE

ESCROWS

LOANS

ABSTRACTS

COMPLETE RECORDS

Correspondents New York Life

COMMONWEALTH, INC.

415 S. W. Sixth Street
Portland, Ore.

MISSOURI

KANSAS CITY TITLE AND TRUST COMPANY

KANSAS CITY, MISSOURI

Complete Title Service

for the Greater Kansas City area

NATIONAL TITLE DEPARTMENT

UTAH

INTERMOUNTAIN TITLE GUARANTY COMPANY

TITLE INSURANCE

Operates in Utah, Idaho and California. Policies accepted by Supt. of Insurance of the State of New York.

Home Office:

309 First National Bank Building
Salt Lake City, Utah

San Diego's oldest and largest
title insurance company

Union Title Insurance and Trust Company

SECOND AVENUE
AT BROADWAY
SAN DIEGO

Complete title, escrow and trust services.

Title Insurance Corporation OF ST. LOUIS

810 Chestnut Street

McCune Gill, Vice-President

Qualified with Insurance Departments of Missouri and Eastern States.

Only complete tract index in St. Louis City and County.

WASHINGTON

WASHINGTON TITLE INSURANCE CO.

Capital \$1,350,000.00

803 Second Avenue

SEATTLE, WASHINGTON

Statewide Title Service

OKLAHOMA

AMERICAN FIRST TRUST CO.

First National Bldg.

Oklahoma City, Okla.

STATE-WIDE TITLE INSURANCE

Under Supervision of State Bank Commissioner

CITY TITLE INSURANCE COMPANY

68 Sutter Street

Complete Title Service

San Francisco, Cal.

Please Mention

The National Underwriter

when Writing to

Advertisers

Company Officials May Seek Right to Tell Story

(CONTINUED FROM PAGE 6)

sented to those high in authority at Washington requesting in a friendly way that the prosecution has had its airing and those placed on the defensive should have an opportunity in a calm unimpassioned way to present their cause.

It is said that the prosecutors in the TNEC have taken offense at some of the company men and this it is alleged is shown in the way they were quizzed while on the stand. This leaves the impression that any criticism of the way the investigation is being carried on is resented and reprisals have been forthcoming. Therefore company officials declare that this tends to undermine one of the very fundamental foundation stones of the government and that is

the right of free speech, the right to criticize where it is believed criticism is due. The belief is that the companies in a voluntary way and not as members of any organization will make their positions known in a short time.

Brooklyn Supervisors Party

NEW YORK—The Brooklyn Agency Supervisors Association held its annual Christmas festivities Wednesday with Harold Alexander, agency supervisor New York Life, the president, presiding. He has been transferred to the 41 East 42nd street office and all gave him good wishes for his continued success. Carl E. Haas, assistant manager Mutual Benefit Life, former president, was presented with a scroll in tribute to his work for the organization. H. F. Austin, agency organizer New York Life, and B. A. Haas, assistant manager Mutual Life, chairman of program committee, had charge of the entertainment features.

Ohio National Life, Columbia Life Deal

(CONTINUED FROM PAGE 4)

ent president, in 1902. The Cross family is one of Cincinnati's old insurance families, a member of that family having been in the insurance business continuously since 1875, when Dr. Cross was appointed general agent for Penn Mutual. Dr. Cross served as president of the company from its founding until his death in 1919, when he was succeeded by his son, S. M. Cross. Frank Cross, the present president, succeeded the latter, his uncle, as president in 1937.

Columbia Life operates in Ohio, Kentucky, and Indiana. It had \$4,961,617 assets and \$25,405,849 insurance in force at the close of last year. Interest earned was 3.87 percent and mortality was 75.7 percent. The mortality has been favorable this year. Although the company has confined its operations to

Yetka Defies TNEC, Won't Submit Data Demanded

(CONTINUED FROM PAGE 10)

tion of how the speakers bureau of the Minneapolis association is doing effective work in the schools and before luncheon clubs.

Life insurance policies were described as a "Declaration of Independence" for their owners by R. I. Lackey, St. Paul. "We life insurance agents are a constructive and uplifting force in society," he said. "As defenders of freedom in the front line trenches we are making a place for ourselves so that our need to society never will be doubted." Mr. Lackey predicted the time would come when a well organized course of life insurance would be required in the public schools.

Mayor Berghult of Duluth termed life insurance "the pioneer profession in the field of social security."

Howard F. Hoene, president Duluth Association of Life Underwriters, presided. W. W. Scott, state vice-president, and J. D. Serrill, past state president, were present.

San Antonio Managers' Slate

Claude R. Fuquay, Franklin Life, has been nominated for president of the San Antonio Life Managers Club; Burt Perry, Reliance Life, vice-president; Frank Williams, Provident Life & Accident, secretary-treasurer, and for directors, G. A. Helland, Connecticut Mutual; W. A. Gamble, John Hancock Mutual; Al Warner, California-Western States Life; G. A. Davenport, Kansas City Life, and D. J. Farrell, Pacific Mutual.

The club discussed the question of attendance at a Research Bureau school to be conducted at some point in Texas, provided there is enough interest manifested. Sentiment was favorable to the plan, if the school is conducted at a point easily accessible to a large number of managers and general agent.

OPEN TERRITORY

in Michigan, Ohio, Indiana and Illinois

◆ ◆
FOR MEN WHO CAN PRODUCE
AND
ARE AMBITIOUS TO BUILD OWN AGENCY
◆ ◆

Philadelphia Life Insurance Company

Philadelphia, Pennsylvania



EAST SIDE, WEST SIDE, ALL AROUND THE WORLD —

... The soundness of life insurance in New York companies has become traditional. This well-proven security is an important sales point when coupled with the international coverage offered by The United States Life—a New York Company operating in the best tradition since 1850. Brokers and agents will find clients appreciative of the prompt, sure service of this fine old company at home or abroad.

Write for "New Horizons"—foreign business booklet.

The United States Life Insurance Company

101 Fifth Avenue

In the City of New York

New York, N. Y.

The COLONIAL LIFE INSURANCE COMPANY OF AMERICA

A PUBLIC SERVANT SINCE 1897

Attractive Ordinary Agency Possibilities in the Philadelphia Area.

Write

CHARLES F. NETTLESHIP, Vice President

OVER 115 MILLION IN FORCE

HOME OFFICE—JERSEY CITY, N. J.



FRANK B. CROSS, JR.

a compact territory, low interest returns and the high cost of operations induced its management to decide upon reinsurance. The reinsurance plan is favorable to both policyholders and stockholders.

Ohio National has successfully reinsured several companies since it was established in 1909, the latest being Bankers Reserve Life of Omaha in 1933. In 1934 the company moved into a handsome new home office building removed from the congested business district, which will house the activities of the two companies if the reinsurance plan is approved. The home office of Columbia Life will be sold.

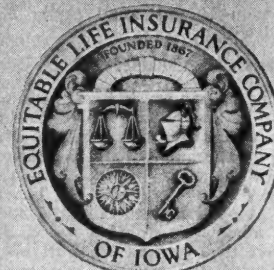
Ohio National's Growth

Ohio National has enjoyed a steady growth. It operates in 29 states and the District of Columbia and at the close of last year had \$46,033,004 assets and \$186,262,245 business in force. Interest earned was 4.43 percent and mortality 49.8 percent.

T. W. Appleby, president of Ohio National since 1922, has been largely responsible for the company's development and growth. Mr. Appleby joined Ohio National as actuary and agency manager in 1914 after having been with Federal Life of Chicago, which he served as secretary and actuary from 1910 to 1914. He had previously held the same position with Central Life of Illinois.

Cross, whose family has had a long background of life insurance, has been in the life insurance business practically his entire life, starting as an agent. He is taking a vacation and has made no definite plans for the future.

Columbia has about 75 agents and 30 home office employees.



THE EMBLEM of a strong, enduring life insurance company which for 72 years has adhered to principles of justice and friendliness. Well directed and soundly managed, the protection the Equitable of Iowa provides to policyholders and their families is

Outstanding by Any Standard of Comparison

**EQUITABLE
LIFE of IOWA**

HOME OFFICE - DES MOINES

LEGAL RESERVE FRATERALS

Model Code to Be Debated in Chicago

A model fraternal insurance law which was considered by the executive committee of the National Fraternal Congress at its Edgewater Park, Miss., meeting during the time the National Association of Insurance Commissioners met there recently, probably will be the subject of a forum to be held at the mid-winter convention of the N.F.C. at the Morrison Hotel, Feb. 21-22. Miss Frances D. Partridge, secretary Woman's Benefit, Port Huron, Mich., and president N.F.C., sent a letter to all member societies enclosing a copy of the proposed law and asking for letters of criticism to be sent so they may be received by Jan. 20. This interim of one month before the Chicago meeting will be required for analyzing the criticisms and suggestions so they may be presented at Chicago.

Miller Head of Committee

The model law was drafted by the law committee, headed by James Mann Miller of Chicago, attorney Woman's Benefit. The bill yet is in tentative state, since before presentation to the congress as a whole it must be approved by the executive committee. It does not differ in marked degree from the fraternal part of the Illinois and Missouri codes, nor much from the New York fraternal section. It is an attempt to put modern fraternal law requirements in a clearly phrased, legally sound and well coordinated bill.

Many Aid Association F. I. C. Men

Aid Association for Lutherans under the progressive policy instituted by President Alex O. Benz has encouraged its field representatives to study for the F. I. C. (Fraternal Insurance Counselor) degree. So far 52 have secured this designation, which corresponds in the fraternal ranks to the C. L. U. designation in old line life insurance. A number of Aid Association general agents have passed the test and been given the degree, those most recently being H. L. Gerlach, Sturgeon Bay, Wis.; E. H. Hellbusch, Houston, Tex.; and E. C. Jacobs, Rocky River, O. General Agent E. H. Neumann, the new president of the North Dakota Fraternal Congress, is an F. I. C., as are General Agents A. F. Faubel, secretary-treasurer Indiana congress; General Agent R. W. Schultz, second vice-president Iowa congress. The three new officers of the Wisconsin Fraternal Life Underwriters Association of the Aid Association elected at Milwaukee recently also hold the F. I. C. They are: A. H. Blankenburg, president; William C. Birk, vice-president, and E. E. Bertram, secretary-treasurer. The course deals largely in fraternal life insurance fundamentals and does not cover the wide range of subjects, such as economics, sociology, etc., as does the C. L. U. course, but nevertheless is considered very difficult.

Thomas H. Cannon's Sister Dies

Thomas H. Cannon, head of the Catholic Order of Foresters, Chicago, and past president and former secretary of the National Fraternal Congress, is bereaved by the death of his sister, Winifred Cannon, age 64. She was in a hospital at Chicago since July. Miss Cannon for 25 to 30 years was connected with the compulsory education department of the Chicago board of education.

THE WOMAN'S BENEFIT ASSOCIATION

Founded 1892

A Legal Reserve Fraternal Benefit Society

Bina West Miller
Supreme President

Frances D. Partridge
Supreme Secretary

Port Huron, Michigan

Farrell's Address Well Received

F. F. Farrell of Chicago, secretary, treasurer and manager of the National Fraternal Congress, who extended greetings at the annual meeting of the Association of Life Insurance Presidents in New York, left a very fine impression. This was the first time that the Fraternal Congress has been so honored at the presidents meeting. He said as a result of the research and pioneering of the Presidents Association there has been grateful appreciation recorded on the part of the entire fraternity of life insurance. He said that the problems of stewardship which arise are just as vexatious for the commercial as the fraternal company. The dollars paid to the beneficiary are the same dollars which have been collected for this purpose whether it be through the agency or the lodge, he observed. Cooperation in the exchange of ideas, information and mutual assistance is the primary aim of each association, he added.

"If you have a dollar and I have a dollar and we exchange dollars, we both have but a dollar and have gained nothing by the exchange, but if you have an idea and if I have an idea and we exchange ideas, we have both benefited. I hope for a closer cooperation between our respective associations," he concluded.

Michigan Congress Meets Jan. 8

The Michigan Fraternal Congress will hold a quarterly luncheon meeting in Hotel Fort Shelby, Detroit, Jan. 8. Officers for the new year will be elected and annual reports read. Forrest E. Wiswell, Protected Home Circle, Detroit, president, will be in the chair, assisted by J. B. Baker of the Macabees at Detroit, secretary.

Life Policy Finished Product and Not Raw Materials

Life insurance is the finished product, the guaranteed estate put together skillfully out of raw materials which many men buy in the mistaken belief that they can make this finished product as well as the life insurance company, a splendid editorial in "Who's Who," publication of the Aid Association for Lutherans, Appleton, Wis., points out.

"Your prospects want income, so sell them something that actually is income and not merely the materials for it," it is urged.

"When you want a new automobile, you go direct to your local dealer to purchase a fully equipped new model. You don't pick up parts and materials with which to assemble your own automobile. When you want a new suit you go to a clothing merchant who sells you a suit that is ready to wear, you don't purchase five yards of material to take home and make your own suit. Things of this nature simply aren't done, because they would be costly and rather foolish.

Need Assured Income Medium

"Yet many people indulge in costly and inefficient practices when making plans for their future income. Instead of simply buying a guaranteed income, they purchase materials from which a doubtful income is to be made. Real estate, stocks, businesses, etc., are only materials for providing income, and then it is an uncertain income. When a man wants to save in order to provide income for himself and family, he should buy income and not just the materials.

"The purpose of life insurance is to provide definite income for a stated period of time. Life insurance supplies the finished product, just as do the

clothing merchants and the automobile dealers, and it is as unreasonable to purchase income materials as it is to purchase the materials for other products."

Eminent Policyholder Gives Conception of Insurer's Place

(CONTINUED FROM PAGE 2)

having paid for our protective benefits once, we tens of millions do not wish to be placed where we shall have to be taxed to pay for them again.

"If you officers will provide, I give you the thought again, for us unorganized mass of policyholders, a real, progressive, far-seeing leadership—and it is your duty to provide it—these things will not happen. But you must be on the move. Sixty-four millions of us expect this. Furthermore, while we are not sure we can see full reaches of the venture, we see far enough to feel certain we do not wish to replace state control and regulation by federal control and regulation. We should be thoroughly informed about this by you officers. We prefer neighbor supervision to long-distance control.

"One thing more of this same general sort. We policyholders are aware that strict state regulation defines with precision the kind of securities you may and the kind you may not purchase with our money, and we look upon these regulations as vital to the strength and solidity of the insurance assets and the certainty that our beneficiaries will be paid out according to the contract we have made. But not every security of an approved kind is either safe or desirable, and when any security is not and you know it, you do not purchase, as your long and successful insurance careers show.

Expect Executives to Apply Tests to Securities

"Furthermore, you build and maintain elaborate personnel to investigate, to pass upon, and to advise you regarding your purchases of approved securities. We policyholders expect you to apply these tests to each and every security you purchase, no matter what it is or by whom it is issued. If a municipality is over-borrowing, we do not expect you to buy the securities; to do so would be seriously to endanger our interests. Your state examiners would doubtless object and refuse to admit such assets. So you and they would do with an over-borrowing state, for the premiums on your policies are marked with the most sacred kind of a moral trust—the sustenance of the widow and orphan. This same rule must be applied to federal securities. It would be expecting too much to assume that a federal insurance department, would make any such rulings, as against federal securities. Maybe this is one of the catches. "If and when you feel that the borrowing of any government—municipal, state, or federal—is reaching the danger point, or when you feel the borrowing is for unwise, extravagant or non-governmental purposes, or when you feel this

borrowing is weakening the fabric of government, you may not rightfully invest your money in such borrowings, and so aid in a threatening local or national debacle.

"It is said that legislators sometimes talk one way in the cloak room and vote another way in the legislative chamber. You officers may not follow such an iniquitous example as this would be. You cannot square yourselves with your bounden duty to use and to our beneficiaries by declaring in one breath that certain securities are unwise and unsound, liable to great depreciation or possible actual repudiation, and then in the next breath order that our money be used to buy them. This has not been your standard of conduct in your glorious past. God forbid it should come to be your practice in the future. If you feel at any time under duress, tell us policyholders about it plainly, in terms that we can understand. We, tens of millions of us, shall hear you and help you. There is no greater civic crime than keeping the people in ignorance of where they are being led.

Polar Difference Between Two Forms of Disbursement

"And this all tends to the point that the roots of all these matters, I have mentioned, run much deeper than the surface I have scratched. Statistics published by governmental agencies place the total assistance rendered by the federal government to persons in need—including old age assistance, help for the blind, for dependent children, direct and work relief—for the years 1933 to 1938 inclusive, at \$12,871,000,000. It may be remarked that the total paid by insur-

A Winning Team!

You and Lutheran Brotherhood

A good agent plus a strong, progressive, Fraternal Society can make Life Insurance History in any Lutheran Community. All Lutherans (a select prospect list) are eligible for life insurance in this Society.

You are the Agent!

Lutheran Brotherhood is the Society. Working together, we can write the business. If interested in a work that assures you a secured future, address your letter to:—

SUPERINTENDENT OF AGENCIES

LUTHERAN BROTHERHOOD

Legal Reserve Life Insurance
Herman L. Ekern, President
HOME OFFICE Minneapolis, Minnesota

HOME AND FULL FAMILY PROTECTION

Good Territory and Attractive Contract for good producers. Write for information.

American 3% Policies

Whole Life Special
Endowment Age 85
20 Payment Life
20 Year Endowment
Retirement Incomes at
Ages 60, 65 and 70
10 year term
Modern Junior Policies

EQUITABLE RESERVE ASSOCIATION

Neenah, Wisconsin

ance companies to their policyholders and beneficiaries during the same period was over 15 billions 700 millions of dollars, or a grand total of more than 28 billions of dollars in six years. While both these vast sums were in major part paid out to persons who had neither saved nor earned them, there is a polar difference between the two.

"That paid out by your companies is made up of the proceeds of the hard-earned savings of husband for wife, parent for child, kin for kin. In most cases not only has the insured toiled and sacrificed to build the fund, but the beneficiary himself has also gone without the ease and comforts he might have had in order to aid the common enterprise. That fund is builded on the sacred principle that none of us may live in idleness off the labors of strangers; that each should care for himself and those dependent upon him; that to force strangers to work to let other strangers live in idleness is slavery; that the highest law is service for others. Men are to take care of their own. What you companies pay out is received with this knowledge and in this spirit; and this knowledge and this spirit stamp their imprint upon the spending of the moneys paid.

Compulsory Levy on People in Form of a Tax

"On the other hand, that paid out by governmental agencies is taken from the general taxpayers under compulsory levy, or is borrowed on the public credit. It is a governmental exaction with all the ill-will on both sides—giver and receiver—which is always incident to such operations. The giver and the receiver are stranger each to each. The whole history of the world is cluttered with the wreckage that has followed this system. Government does have always, sooner or later, brought oppression, ruin, and even chaos in their wake. They destroy the very fabric of good citizenship, even to the last thread.

"Give now to government the insurance of this country, and every ill, aged, and decrepit man and woman, every widow and orphan, every unfortunate, every ne'er-do-well, every idler, will become a government pensioner, bound by all the urges of existence itself to support that politician who promises most and can make the people believe his promises. The free ballot of which we boast will be destroyed.

"The whole concept is hoary with age. Satan failing to seduce the master with the lust of power on the mountain in the wilderness, brought the temptation again to him when He fed the 5,000 on the shores of Galilee. These men, their stomachs full, tried to seize Jesus by force to make him king. They wanted a sovereign who would give food without work. It was the very end of life with them. Perceiving their designs, He fled. But they followed Him across the

sea. Coming to Him the next day, He said to them:

"Verily, verily, I say unto you, ye seek me not because ye saw the miracles, but because ye did eat of the loaves, and were filled."

"Thus, you officers and your companies are faced with a duty to your policyholders not only, but with a high patriotic duty to our country, as well, a duty so to work out your service to the people that they may forsake all government gratuities, and return to sound and self-respecting means of livelihood and provision for those they are to leave behind. This is your primary and most pressing task. Unless you and other organizations that are working to this end shall bring this about, despotism will come to us, except human nature shall change, or God shall intervene. When this despotism comes, your contracts with your policyholders will not be worth the paper they are written on, and you will not have left enough assets to sweep up with a broom. This country of ours with all the blessings of liberty and free institutions is worth saving. Its life is worth more to us than any other boon society can give us. History has no record of blessings to any other people in all time, such as have been vouchsafed to us—blessings of temporal ease and luxury, of cultural attainments, of science applied to meet our every need, of opportunity for achievement, of absence of caste and class, of equality before the law, of freedom of speech and of press, of freedom of conscience, of unbounded opportunity for spiritual growth if we shall seize hold of it.

"My religion teaches me that all this is not mere fortuitous chance, but is the working of a divine plan. As I am taught to believe in God, so I am taught to believe, and do believe, that he has declared, 'I established the constitution of this land by the hands of wise men whom I raised up unto this very purpose,' that 'the laws and constitution of the people . . . should be maintained for the rights and protection of all flesh, according to just and holy principles.' My belief is that God has declared this to be a 'land choice above all other lands,' and that so long as the people dwelling hereon shall live righteously, acknowledging Jesus as the Christ, it will be a blessed land to them, even as it has been blessed in the past, blessed with plenty, with liberty, with free institutions. But my teaching also has been that if the people of this land shall forsake Jesus the Christ, God will not hold it longer in the hollow of His hand.

Local Self Government Is Held to Be Fundamental

"I love my country. Next to my God, comes my country. Your patriotism rises to equal height. And so does the patriotism of the great mass of our fellow countrymen. No patriot wishes ill for his country. But the danger always is in a republic, and particularly in a happy

Head Convention Committees



BYRON K. ELLIOTT



F. D. RUSSELL

At the convention of the Life Presidents Association, Judge Byron K. Elliott, general counsel of John Hancock Mutual, served as chairman of the resolutions committee, and F. D. Russell, president of Security Mutual Life of Binghamton, N. Y., was chairman of the nominating committee.

republic, such as ours has been, that the citizenry will not be conscious of threatening dangers. Such is our case today. Fundamental to our whole governmental system, with all that it holds for us, is local self-government. Out of almost a thousand years of experience this has come to us as our heritage. Our liberties and free institutions cannot live under any other mortal system. The whole reach of human experience shows this.

"But everyone knows that the whole trend today is toward the centralizing of power. A wholly alien political philosophy, brought to us by aliens, has taken root amongst us. This philosophy knows nothing of the rights of man and discards with derision the fundamentals embodied in our declaration of independence and bill of rights. While the followers of this philosophy group themselves into different isms, yet in the last analysis they all come to the same end—the establishment of a socialistic, paternalistic state and the submergence of the individual and his rights. This concept is as old as man. All it is doing now, is to dress itself up in a new suit. This concept is today imposing despotism in its worst forms upon the millions in the old world.

"The communists are said to have hundreds planted in our governmental offices. Given a sufficient number of trained men to man the essential departments of government, and add to that a great proportion of the people dependent upon the government for their sustenance, they figure that at the opportune time the overthrow of constitutional government and the establishment of their kind of despotism will be an easy matter. Whether this treasonable dream shall be realized, will depend wholly upon how well those who see it coming, shall be prepared to meet it. In that preparation, you officers of insurance companies hold a key position. Yours is the duty so to carry your service to the people, that they shall not be led to the government feeding trough to have their free and self-respecting citizenship destroyed. That you meet your full duty in this situation is required by your policyholders. It is enjoined by the loftiest duties of patriotism, and it is demanded by every principle of truth and righteousness which God has revealed to his children for their guidance from Sinai till now."

New Detroit Phone Directory

THE NATIONAL UNDERWRITER has completed the compilation and printing of the 1940 Detroit Insurance Telephone

Directory and copies are being mailed this week.

A new directory is published annually in December and brings up to date the names, telephone numbers and addresses of those engaged in all phases of the insurance business in the Detroit metropolitan area.

Additional copies of the directory can be obtained from THE NATIONAL UNDERWRITER's Detroit office, 1015 Transportation building, telephone Randolph 3994, or from the Chicago office, 175 West Jackson boulevard.

Rio Grande Remodeling Project

Rio Grande National Life of Dallas is undertaking a \$100,000 remodeling program of its home office building at Main and Martin. The life company will occupy the second and a part of the third floors or a total of 6,500 square feet.

INSURANCE SERVICES & EQUIPMENT (DIRECTORY)

An Executive's Index to Responsible Firms

Coin Clocks



COIN CLOCKS will help you sell more life insurance.

New Low Price \$1.99 and up.

For full details write to:
COIN CLOCK SERVICE CO.
700 — Prospect — 4th Bldg.
Cleveland, Ohio

Policy Wallets

Perfect for Remembrance Advertising!

Insurance Policy Wallets

Fine leather. Black only. 7 envelopes inside. \$1 ea. or 75c ea. in doz. lots. DeLuxe quality, leather lined, \$1.75 ea. or \$1.50 ea. in doz. lots. Cash with order unless rated concern.

KING'S
1019 CALHOUN ST.
FORT WAYNE, IND.

The Columbia Life Insurance Co.

Cincinnati, Ohio

36 Years in OHIO, INDIANA, KENTUCKY

All forms of life policies issued—Juvenile one day up, adults, 10 to 75

LIBERAL COMMISSIONS

LONG TIME RENEWALS

Write for particulars: WM. H. WEST, Vice-President

GROWTH

The growth of the Monumental Life Insurance Company has been consistent and we are proud that through our methods and management we have been able to assist in the development and growth of many of our representatives.

MONUMENTAL LIFE INSURANCE CO.

Home Office—Baltimore, Md.

81 Years of Successful Management

Sales Ideas and Suggestions

M. R. Orr Gives Suggestions on Recruiting Men Over 30

CINCINNATI—The importance of agency prestige as a factor in recruiting was stressed by M. R. Orr, general agent Massachusetts Mutual, Philadelphia, in a talk, "Profitable Recruiting of Men Beyond Age Thirty," before the Associated Life General Agents & Managers of Cincinnati. "If you spread your net wide enough, you will catch some fish," is a good recruiting slogan to bear in mind, Mr. Orr stated.

A general agent must be a sound fundamentalist, a good organizer, and have the ability to recruit in order to build a successful agency, he said. Agency build-up is as important as recruiting itself. Recruiting is as good only as the fundamentals.

Agency prestige has to be acquired before any recruiting can be done, Mr. Orr declared. The general agent must not be out looking for men, but he must be looking for one man for a particular job, he asserted. A general agent cannot hire a man to bring in the majority of recruits, he must bring them into the agency himself. A general agent must have contacts, ability, and a certain amount of showmanship, Mr. Orr said.

Mr. Orr believes in starting recruiting activities with a proper atmosphere within the organization of the agency. Atmosphere in the office is something to look for and in Mr. Orr's office the agent is kingpin.

Mr. Orr said that he put his new men in a separate room. "A good man will find himself, if you give him a chance," he said.

Mr. Orr believes in giving credit for trying. He said that he did not care if he lost \$1,000 on a man who he thought would make good, provided he made a sincere effort to do so.

Older Man May Have Lost Caste

Good will is won by many acts and lost by one, he said. In hiring men between 30 and 50, it is important to consider whether they have lost caste or lost their prestige, Mr. Orr said.

A number of years ago C. J. Zimmerman, now president of the National Association of Life Underwriters, gave Mr. Orr an idea that he has used since, a prestige file of 100 of the best contacts available to the general agent who can be counted upon to give assistance in recruiting work. Mr. Orr said that some of the best men he had recruited to the agency had been sent to him by friends and acquaintances of long standing and those whom he had cultivated since becoming a general agent. He writes friendly letters to this list to keep them interested in what his agency is doing.

He said that not circular letters, but letters personally written to any well selected list bring favorable results. The letters must have an unusual message, be brief and have pull. If they convey the impression that there is an opportunity in the agency for one man, a general agent is likely to get results.

Mr. Orr said that it is important to get a few key men in the agency. He has several of these men in his own agency and he has used these as a nucleus.

The general agent must be the number one underwriter in the office to maintain his prestige. He must always be agent-minded and always be the man the agent will want to take on a case.

Mr. Orr said that he stresses to his new men the idea that they are not to make him worry. That, he tells them, is their job. He is willing to give a new

man all of the assistance he can as long as he does not make him worry.

Each new man is asked to write down a story telling why he went into the life insurance business, why he went with Massachusetts Mutual, and why he went with its Philadelphia agency. The story may look pretty sick at first, but Mr. Orr helps the agent with it, he learns it by heart, and is instructed to repeat the story to two people every day from the time he begins. Mr. Orr said that he got a \$20,000 case simply by doing that when he started in business himself. Everyone admires an enthusiast, Mr. Orr said.

It is easier to secure new men when they are conscious that the agency is wide-awake and well thought of in the business. An agency should have a reputation for keeping promises and doing favors. The Orr agency maintains a notary public for the convenience of

agents wherever they are located and many other services are rendered. "We furnish beautiful calendars to our competitors, memo books, etc., and we have a policy that we do not take agents from the other companies," Mr. Orr said. "Our recruiting is not done by enticing men from other agencies to come with us. Being known favorably, however, by life insurance men throughout the city has a very helpful effect in securing new men as we invariably get a good send-off from our competitors and we have little competition from other offices when we are working on a new man."

Mr. Orr said that although he had a good year, he is already worrying about next year. "Didn't you get a laugh when an article appeared in the newspapers to the effect that the Yankees were planning to improve their ball club for next year?" he asked. "This seemed almost ridiculous, didn't it, and yet the facts are that the Yankees will not continue to stay on top by 'standing pat.'"

I. B. Jackson, Cincinnati general agent Massachusetts Mutual, introduced Mr. Orr. R. C. O'Connor, Reliance Life, president, presided.

Real Inspiration Can Be Found in Business Itself

BUFFALO—Life insurance men too often make the mistake of looking to outside sources for stimulation to sell life insurance when the real inspiration can be found in life insurance itself, Earl M. Schwemm, Chicago manager Great-West Life, told the Buffalo Life Underwriters Association. "Three springs provide a never-ending source of inspiration: the institution of life insurance, the job of selling and the product itself."

To be successful the life agent must buckle down to a long-pull job. "He must be a consistent producer. Spasmodic production is dangerous. Sustained effort is needed and this means ever-widening contacts and broader knowledge of the subject."

"A burning desire to succeed is necessary," Mr. Schwemm declared. He pointed out that if life insurance men receive an incentive to sell in the form of a vacation or trip they go out and do a good job. "But self-developed driving power is the type that is needed. A self-motivating force will carry you from year to year."

Once this "uninspired inspiration" takes hold of the insurance man, it will saturate his living to such an extent that outside stimulus won't be necessary, he said. "You must live it, believe in it and love it," he said.

"We should sell insurance as a destination," he said. "I like to be considered as a merchant rather than as a professional man. We have a product that will guarantee the financial future of people."

Declaring that insurance is "humanly sound," Mr. Schwemm pointed out that it always reaches its peak value when moments of emergency arise. There is

no competing instrument of finance that offers the same things as life insurance, he concluded.

Arthur L. Beck, president Buffalo association, presided. Walter Schworm, membership chairman, reported that applications have been received from 33 prospective members.

E. E. Hawkes, Jr., general chairman life insurance training school just completed here, said course certificates will be awarded Jan. 12.

Four Guides for Successful Sale Outlined by Moore

TOLEDO, O.—Four guides for a successful sale were presented to the Toledo Association of Life Underwriters by Russell Moore, assistant agency manager Midland Mutual Life. They are:

1. The interview should develop a spirit of harmony between the prospect and the salesman.
2. The underwriter should point out what the insurance plan will do for the prospect and his family in a simple and clear manner.
3. The problem should be personalized.
4. The appeal should be to the heart, not the head.

Mr. Moore urged that the interview be a friendly discussion between two men on the same plane concerning life's problems. He said that the close is the most important part of an interview, but the close starts at the beginning of the interview, not at the end.

Stanley Martin, State Mutual, Columbus, O., speaks at the January meeting.

Depression Record of Life Insurance

Of the total assets held by life insurance companies at the beginning of 1930 only 2.1 percent were in companies for which receivers were appointed during the seven years 1930 to 1936. The policies of practically all of these companies were reinsured with liens representing the impairment of reserves of the original company. Total liens imposed represented less than 1 per cent of the total assets of all companies operating in the U. S.

In comparison—From 1930 to 1933, 2,310 member banks of the Federal Reserve System suspended payment, representing one-fourth the total member banks and 11 percent of the total payments.

Source—M. A. Linton before Life Presidents Association, Dec., 1939.

Two Developments Mark Progress of Successful Agent

PHILADELPHIA — Two developments, mechanical and self, mark the progress of a successful agent, J. V. Talbot, Newark general agent Northwestern Mutual Life, said before the Philadelphia C.L.U. chapter. These two developments or growths should be simultaneous or the agent will not make satisfactory progress. In his mechanical development it is necessary that he study the methods of interesting people and develop his skill and ability in prospecting, getting acquainted, presenting the problem and in motivating people.

Life insurance is bought, not sold, Mr. Talbot declared. The only reason there is not more life insurance in force is because people lack the proper conception of it which they cannot get without the aid of a qualified agent.

The fundamental plank in an agent's growth and development should be the securing of knowledge which must be a continuous process. There can be no standing still, Mr. Talbot said. Without knowledge it is not possible for an agent to give people a picture that will lead them to an understanding of the product he is selling.

Aid Marginal Buyer

The agent must get names and those names must be classified and qualified. In addition to the so-called large buyer, there is a large number of marginal buyers. They are the legitimate package buyers. Their dollars are few and they must do much with them. These people must be dealt with sympathetically and the agent should be able to recognize them so his presentation to them will provide a ready solution of their problem.

The importance of having a track on which to run or an organized talk, was stressed by Mr. Talbot. He uses such a track, embodying certain fundamental points. In the approach it is necessary to get the prospect to commit himself to receiving the agent with open mindedness to the same extent that he would a doctor or lawyer. Mr. Talbot then tells the prospect that he would like to give him a conception of life insurance which he may or may not have. He points out that life insurance has grown to its present size in this country because the citizens recognize that the solution of their own problems is an opportunity and a responsibility.

Cincinnati Hear Dr. Shook

CINCINNATI — Dr. Hubert H. Shook, medical director of Ohio National Life, addressed the meeting of the Cincinnati Actuarial Club on "The Normal and Abnormal Functions of the Heart." He reviewed the normal heart action in relation to the various valves and chambers and discussed at some length the changes that occur as a result of disease in the various valves. He described why the heart was able to function normally over a long period of time when the valvular involvement is of a certain type of a less serious nature. His discussion was amplified by the running of a motion picture film. He explained a number of electro cardiographic tracings which demonstrated the chief abnormalities that could be demonstrated by this means and which are commonly met in life insurance underwriting.

Following the business meeting there was a social get together and dinner at the Cuvier Press Club.

A. B. Wood Scans War Situation

(CONTINUED FROM PAGE 3)

last war, as a matter of general practice and with rare exceptions, the war clauses previously used were waived as soon as the practice of granting unconditional policies to applicants for new insurance was resumed. It is probable that similar action will be taken at the end of a reasonable period following the termination of the present conflict. The clause, however, provides that six months after returning to Canada from service abroad, full benefits again become payable unless the assured engages in further war service, aviation activity or travel abroad.

The reference to civil aviation is included in the war clause principally because of the close relationship between civil and military flying hazards, although it might be handled by a separate endorsement. The extensive air training program set up in Canada for the purpose of developing war time pilots is important. As many as 25,000 pilots are expected to be trained within the next year. It is probable that many young men trained for air service in time of war may later find that the field of civil aviation offers attractive possibilities of employment. It is this post-war hazard of operating aircraft which accounts for the general reference to civil aviation.

The scale of extra premiums generally adopted varies between a maximum of \$90 per \$1,000 per annum for those in military or naval service abroad and a minimum of \$10 per \$1,000 per year for civilian travel in Europe. Once a policyholder has elected to pay an extra premium for military and naval service, the extra will remain fixed to his policy. On the other hand, the scale of extras may be adjusted from time to time as the actual experience develops. The Canadian companies are giving no guaranty of any refund of war extra premiums at the close of hostilities. Some officials feel that the policy should provide for a refund when the war ends if the total extra premiums collected exceed the total war claims. However, considering the statistics of the last war it is not felt that Canadian war extra premiums are likely to prove excessive. Consequently any promise to make a refund might result in misunderstanding and disappointment to the policyholders and embarrassment for the companies. It has not been the general practice to refund unearned occupational extra premiums and war extras are similar in character.

Mr. Wood said it should be emphasized that the Canadian companies have adopted war clauses for general use only

in Canada and other countries that are at war. The clause is not identical for all countries as variations have been made to accord with the differences in the hazards of warfare in the several countries. It is the opinion of the Canadian companies that a war clause is not necessary for general use at the present time in a neutral country such as the United States, which is removed from the scene of hostility. In fact, the clause was not introduced in Canada until the war was declared.

Must Watch Hazards

However, in America companies are faced with certain definite hazards resulting from war against which safeguards should be established, Mr. Wood declared. Most of these can be handled satisfactorily by suitable underwriting regulations. Certain individuals in neutral countries may be subject to war hazard by virtue of their nationality or their intention or liability to engage in service abroad. It is desirable to have a war clause available for use in such cases. Civilian travel abroad is also a risk that must not be disregarded. Even at this early date it is quite evident that this risk is of real importance to the traveling public in neutral as well as belligerent countries. The applicant's intentions regarding such travel should be ascertained by means of a suitable questionnaire and proper provision made to cover the risk.

Little Hazard on Old Business

A large number of the armed forces will be insured under policies issued prior to the outbreak of the war, and these contain no war clause. This exposure of existing business to war mortality is much smaller than might be supposed. It is limited because the coverage is held by all classes of people and only a certain class has become involved in active war service. Many policyholders are unacceptable for military service and the major portion of the business is in force on the lives of policyholders who are beyond the age which would make them eligible for active service. The majority of the policyholders are married men and because of their great responsibility they do not enlist in as large numbers as single men.

No Canadian company operates in continental Europe. As far as Canada and the other parts of the empire are concerned it is felt that the losses are likely to be much less than in the last war. In this war mechanization of the armed forces has greatly reduced the number of men required, and in the dominions home defense, involving little if any death hazard, has become more important and will require a larger number of men on home soil. Canada's greatest contribution to the war is likely to be in the economic sphere and in the manufacture of munitions and war materials.

Control Board Established

Because of the economic situation created by the war, Mr. Wood explained the various steps taken to mobilize Canadian economic resources. A foreign exchange control board has been established to control internal price levels, security markets and the interest rate structure. It also will take steps to restrict fluctuations in the exchange value of currency. The board is maintaining fixed rates for the Canadian dollar in terms of the American dollar. It buys American exchange at 10 percent premium and sells it at 11 percent premium. The board has authorized Canadian life insurance companies authorized to do business outside of Canada to continue to conduct business in accordance with their normal procedure. The board has also recognized the position of American life companies and has ruled that so far as its Canadian business is concerned, an American company will be deemed a resident of Canada and funds applicable to its Canadian business may be handled in a manner similar to that in which a Canadian company handles its funds. Investments of American companies in Canada which

cannot be considered as applicable to Canadian business shall be considered belonging to a non-resident and may be treated as such.

Both American and Canadian companies must maintain actual deposits of approved securities equal to their liabilities to policyholders in either country. Policies issued to American policyholders by Canadian companies are payable in the United States in United States currency.

Mr. Woods traced the favorable progress made by the Canadian companies from 1913 to 1919. "Although new business decreased slightly in the two years following the outbreak of war, thereafter it increased year by year and by 1919 was more than double the new business of the year 1913. Business in force had almost doubled during the war period, while assets increased by more than 50 percent. This period, moreover, far from impairing the strength of Canadian companies, marked the beginning of a decade of great expansion."

After reviewing the experience of Canadian, British and American companies, Mr. Wood declared: "The great war record of the companies may justly be regarded as an indication of what may be expected in the future. This record is most impressive, and, considered in conjunction with the difficulties that have had to be faced in recent years of economic upheaval, demonstrates at once the soundness of the financial structure of life assurance, and the abilities of the companies to meet all unusual strains caused either by wars, epidemics or depressions. Is it too much to expect that history will repeat itself? Are we not justified in facing the problems of the present conflict with feelings of absolute confidence?"

Compensation Plan Subject of Study

(CONTINUED FROM PAGE 1)

that feel that a salary plan plus commission should be adopted say that if it could be done, agents then could be more effectively controlled and those employing them will be far more careful in their collections.

Never before has the subject of agents' compensation received scientific treatment. The complexion of the committee assures all that the subject will be explored in a thoroughly business like and scientific way. Just when the committee will hold a meeting is not known.

Otis Hann Status Clarified

The Otis Hann Company, Inc., of Chicago should not have been listed as it was in the Dec. 15 edition among the transfer companies in the article referring to the TNEC investigation of these concerns. Although investigators have visited the offices of the Otis Hann Company, in including this company in the list, the implication was that the Otis Hann Company had at one time or another been engaged in the transfer of fraternal insurance from inadequate to an adequate rate basis.

The inclusion of the Otis Hann Company in this list was an oversight, because it is well known that the Otis Hann Company has confined its dealings to legal reserve stock or mutual life insurance companies. The Otis Hann Company advertises that it is a legal reserve "conservation and reclamation" organization and that it is not a fraternal transfer company.

The Otis Hann Company has no criticism to make of fraternal transfer work but it does desire to be known as a specializing institution. Since Otis Hann started the business in 1901, the company has associated itself entirely with legal reserve organizations. J. Roberts Hann, the son, who is now president, is carrying on that tradition.

Get a new Social Security Slide Rule. \$1 from National Underwriter.

ACTUARIES

CALIFORNIA

Barrett N. Coates Carl E. Herfurth
COATES & HERFURTH
CONSULTING ACTUARIES
582 Market Street 437 S. Hill Street
SAN FRANCISCO LOS ANGELES

INDIANA [Cont.]

HARRY C. MARVIN
Consulting Actuary
221 E. Ohio St.
INDIANAPOLIS, INDIANA

DISTRICT OF COLUMBIA

Specialty, Income Taxes of Insurance Companies
WILLIAM W. CHAMBREAU
Consulting Actuary and Tax Consultant
Organization, Management, Tax Service
Investment Bldg., Washington, D. C.

MICHIGAN

JAMES W. GLOVER
Consulting Actuary
Life Insurance—Retirement Funds
620 Oxford Road
Ann Arbor, Mich.

ILLINOIS

WALTER C. GREEN
Consulting Actuary
Franklin 2833
211 W. Wacker Drive, Chicago

NEW YORK

Established in 1885 by David Parks Fackler
FACKLER & COMPANY
Consulting Actuaries
Edward B. Fackler Robert D. Holman
8 West 40th Street New York City

DONALD F. CAMPBELL
and
DONALD F. CAMPBELL, JR.
Consulting Actuaries
100 N. La Salle St. Chicago, Illinois
Telephone State 1336

Consulting Actuaries
Auditors and Accountants
S. H. and Lee J. Wolfe
Lee J. Wolfe
William M. Corcoran
Joseph Linder
116 John Street, New York, N. Y.

HARRY S. TRESSEL

Certified Public Accountant and Actuary
10 S. La Salle St., Chicago
Associates
M. Wolfman, A. A. I. A. Franklin 4936
N. A. Moscovitch, Ph. D.
L. J. Lally

PENNSYLVANIA

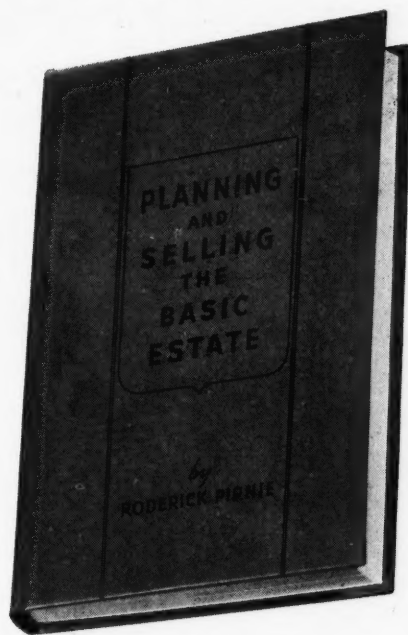
FRANK M. SPEAKMAN
CONSULTING ACTUARY
Associates
Fred E. Swartz, C. P. A.
E. P. Higgins
THE BOURSE PHILADELPHIA

INDIANA

Haight, Davis & Haight, Inc.
Consulting Actuaries
FRANK J. HAIGHT, President
Indianapolis—Omaha

When Writing to Advertisers
Please Mention
THE
NATIONAL UNDERWRITER

Just Off the Press!



One of the most important, *Advanced Underwriting* books of recent years.

By a Member of

The Million Dollar Round Table

Some Chapters of Mr. Pirnie's Book

Mental Attitude	Building the Estate
The Tools	The Final Presentation
The Sales Presentation	Following Through
The Second Interview	Objectives
Why?	Compensation

An Estate Planning System That Works!

HERE, in simple understandable terms, the reader is taken behind the scenes and shown just how this outstandingly successful underwriter works. Many canvassing and auditing forms are included, together with the standardized outline presentation which has been used so effectively not only by Mr. Pirnie himself but by many of his associates who have worked his plan.

MOST important is this latter fact, because had Mr. Pirnie been the only one able to produce millions with his plan, it would obviously be an entirely personalized pattern. This is *emphatically not the case*, as the workability of his system has been proven by many of his associates who have used it just as successfully as he himself has.

An Advanced Underwriting Book that Every "C. L.U." and all who hope to become "C.L.U.s" will want to carefully study—ORDER YOURS NOW!

YOU MAY GET IT "ON APPROVAL"

"Planning and Selling The Basic Estate"

By **RODERICK PIRNIE**

—a most unusual new book, giving a thoroughly practical explanation of an outstanding "Success-Formula."

ONCE in a blue moon, some very successful underwriter consents to make public in book form the *exact methods* which he has used to accomplish outstanding results. True, such books are rare indeed for several reasons; either the successful underwriter is one of the suspicious, reticent, secretive type; or his success is due to a great extent to personality; or his methods are so highly intuitive that he is unable to analyze them and reduce them to print. Only seldom is a great underwriter possessed of the analytical power and the desire to share his methods with others—both of which are essential to produce a thoroughly practical explanation of "how-he-does-it."

AMONG the very few men thus equipped is Roderick Pirnie, General Agent of the Massachusetts Mutual at Providence, R. I., a member of the Million Dollar Round Table and one who by means of a standardized Estate Planning Method has produced, with his associates, some thirty million dollars of life insurance in recent years.

FOR a long time Mr. Pirnie and his associates withheld this method from publication. Recently, however, The National Underwriter Company was able to persuade them to release their system for the benefit of the business; and it is now published *for the first time* in its entirety in a handsome brochure illustrated on this page.

—Exactly how a great underwriter works!

—A presentation that has proven it will work for others, as well as the author!

—A method any underwriter with good background may adopt with PROFIT!

MAIL THIS COUPON FOR YOURS TODAY

Send me on ten day approval.....copies of
RODERICK PIRNIE'S "Planning & Selling The Basic Estate"
(Single Copy \$2.00; ten, \$1.80 each—less in larger quantities)

NameTitle.....

Company

Address

CityState.....

To The National Underwriter Company—Book Dept.
420 East Fourth Street, Cincinnati, Ohio

LIFE VIEWS IN THE NEWS

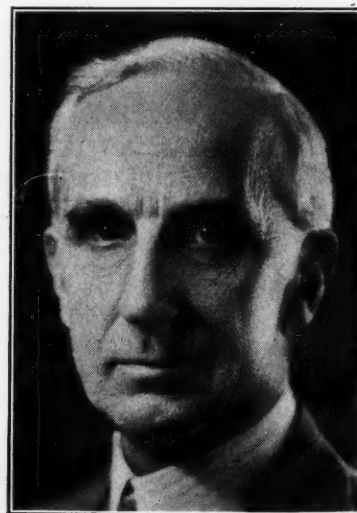


Service rendered by life insurance was stressed by President Thomas I. Parkinson of the Equitable Society in a talk at a luncheon meeting of Chicago agencies.

In emphasizing the need for protecting the interest of policyholders, he declared the average Equitable policyholder has a stake of \$1500 in the society's assets.

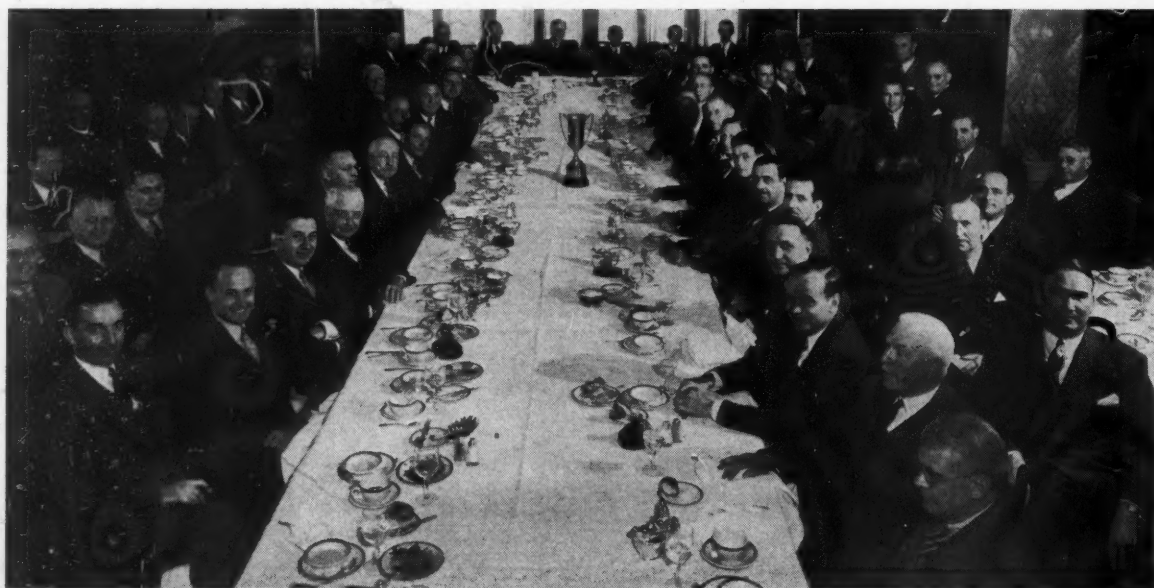


C. C. Day, Oklahoma City, general agent Pacific Mutual Life, was entertained at a birthday breakfast by his agency staff. Each candle on the birthday cake represented an application.



WESLEY E. MONK

At its annual meeting the Association of Life Insurance Counsel elected Wesley E. Monk, general counsel Massachusetts Mutual Life, president. Mr. Monk was formerly Massachusetts insurance commissioner.



LEFT—In Los Angeles the Life Agency Supervisors Association presented a program before the Life Managers Association at a luncheon meeting.